



Mochida Pharmaceutical Group

Integrated Report **2024**

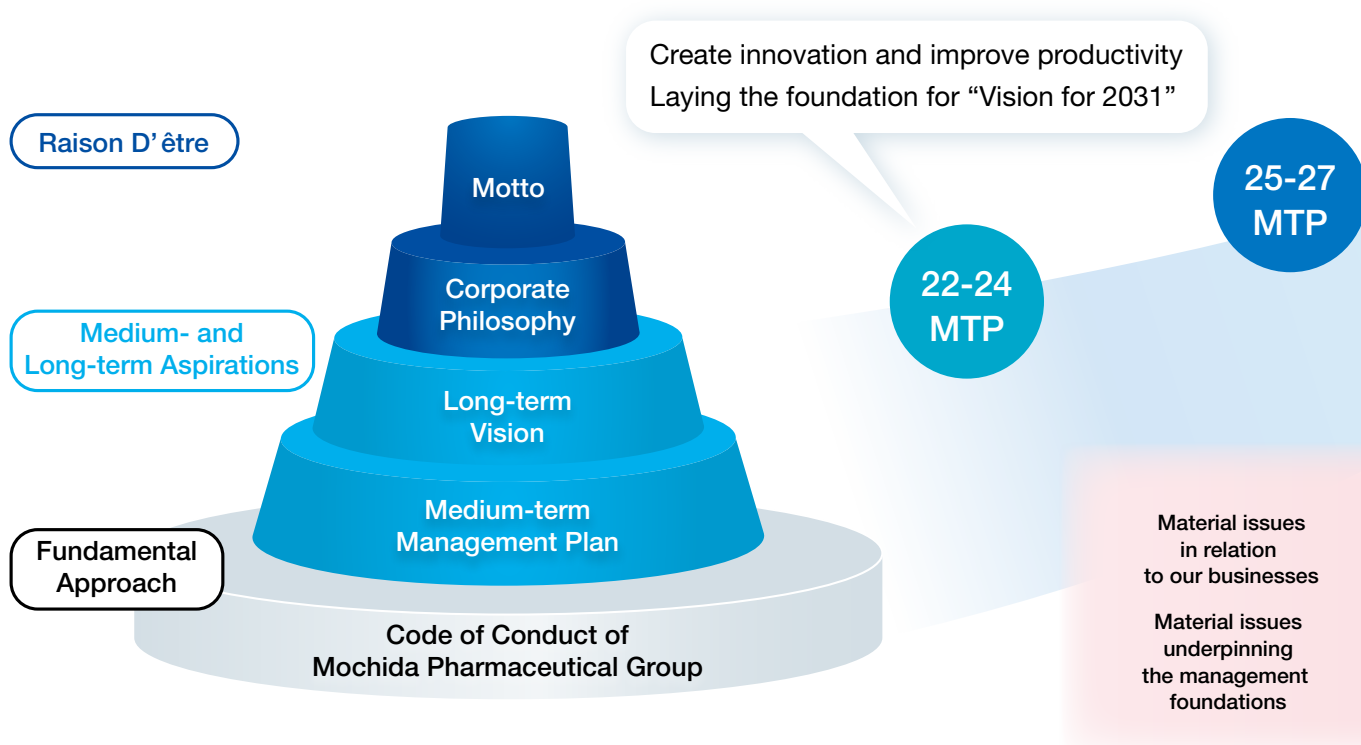
The Big Picture towards Vision for 2031

Motto

Farsighted, Innovative Research

Corporate
Philosophy

**Actively contributing to human health and well-being
in the field of medicine, totally committed to
the development of innovative products.**



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Vision for 2031

As a life and healthcare group, take on the challenge of addressing unmet medical and health needs by incorporating new drug discovery modalities that are expected to grow in the future.

Pharmaceuticals

Biomaterials

Healthcare

To lineup distinctive products and lead them to global markets

28-30
MTP

Contributing to realization
of a sustainable society

Creation of unique products
that meet needs

Stable supply of high quality
pharmaceuticals

Proper provision of
valuable information

Human resource development

Compliance

Editorial Policy; To increase understanding of the Mochida Pharmaceutical Group among all stakeholders, we have compiled this integrated report that includes non-financial information, such as our value creation story, business activities and ESG information, and financial information. When preparing this report, we referred to the International Integrated Reporting Framework advocated by the IFRS Foundation.

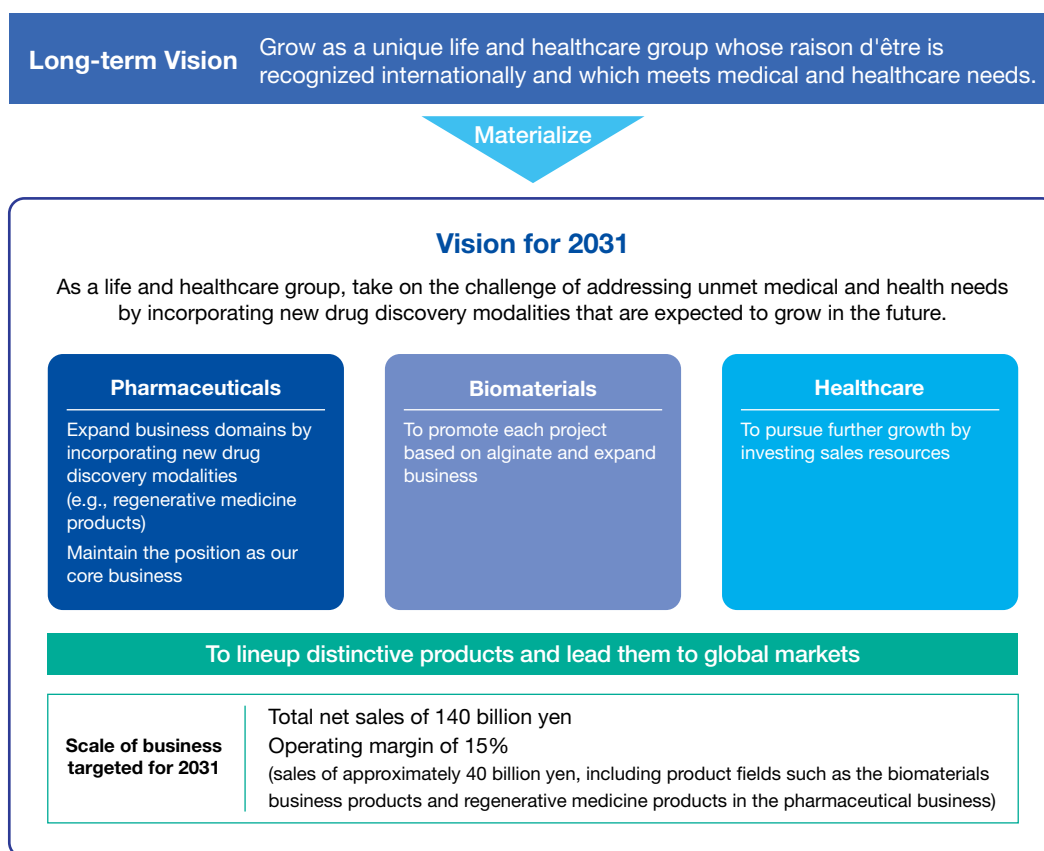
Organizations covered; Mochida Pharmaceutical Group (Mochida Pharmaceutical Co., Ltd. and its consolidated subsidiaries)

Period covered; Centered on activities from April 1, 2023 through March 31, 2024, but also refers to more recent news

Published; September 2024

Cautionary Note; This integrated report contains statements that constitute forward-looking statements. These statements are based on management's current assumptions and beliefs in light of the information currently available to it and involve known and unknown risks and uncertainties. Actual results may differ materially from those in the forward-looking statements as a result of various factors. Information about pharmaceutical products (including products currently in development) which is included in this integrated report is not intended to constitute an advertisement or medical advice. This material is an English translation of the integrated report issued on September 30, 2024 in Japanese, and the Japanese version is given priority regarding content and interpretation.

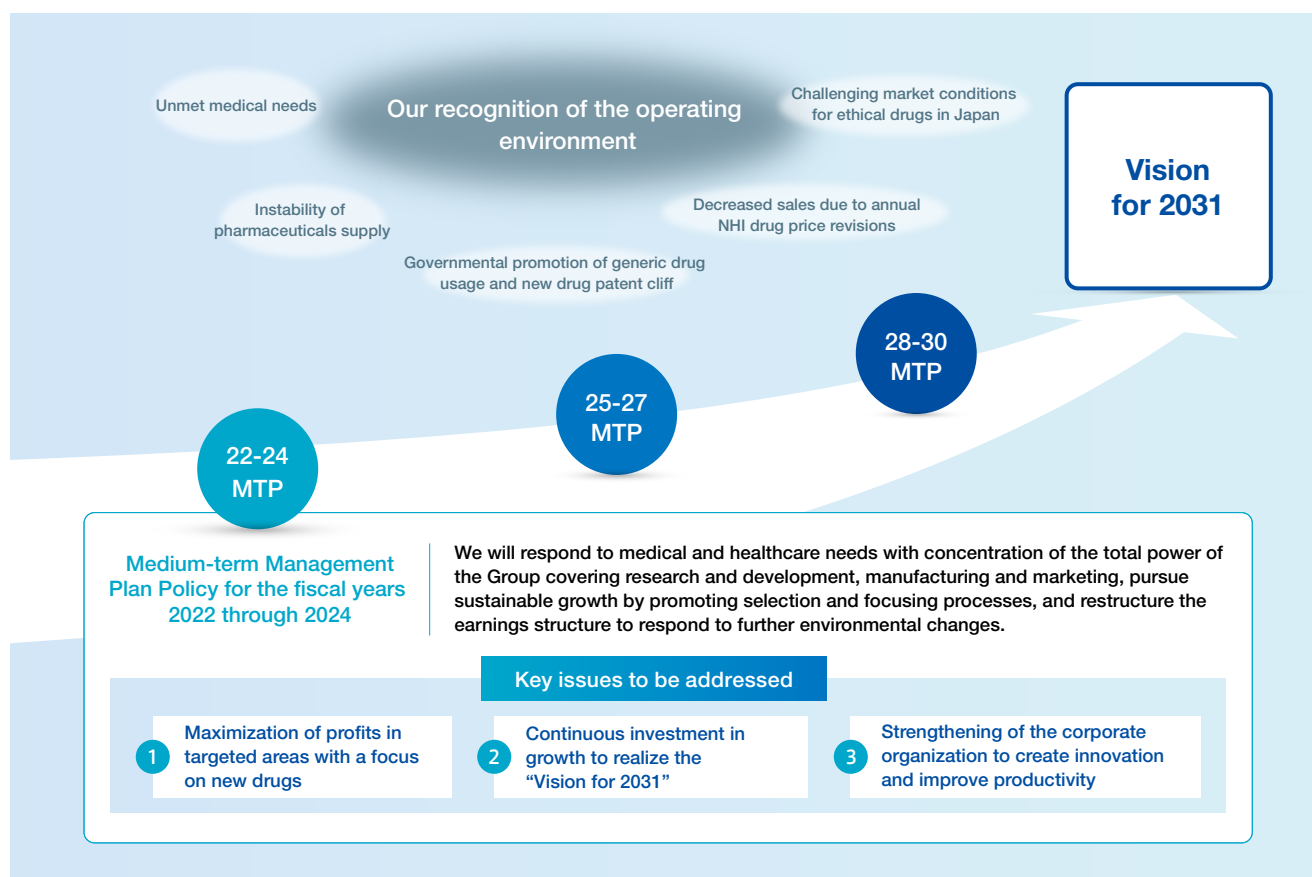
Long-term Vision / Vision for 2031



[Efforts toward 2031]

	Pharmaceutical business	Biomaterials business	Healthcare business
Domestic	<ul style="list-style-type: none"> To incorporate new drug discovery modalities, such as cells, nucleic acids, and genes, to enhance our drug discovery pipeline and maintain the position as a core business; Among them, to position regenerative medicine products as one of our focus areas and give priority to projects using mesenchymal stem cells; To launch products from our pipeline that incorporate new drug discovery modalities, including regenerative medicine products, by FY2031. 	<ul style="list-style-type: none"> To promote each project based on alginate, which is expected to have various medical applications, and work for an early launch and business expansion. Also, to promote development with a view to global expansion. 	<ul style="list-style-type: none"> To focus on developing high-performance, value-added dermatological skin care products through communications with physicians, pharmacists, and nurses etc. To steadily expand the scale of our business by improving our business structure via the investment of sales resources, etc., focusing on new areas, and introducing new and renewed products.
Overseas	<ul style="list-style-type: none"> To expand into overseas markets by offering a lineup of distinctive products that meet the needs in each business segment. To launch highly purified EPA drugs in Vietnam, China, the U.S., and other countries, subsequently to Thailand. To promote the development of regenerative medicine products, which we aim to launch in the future, with a view to global expansion. 	<ul style="list-style-type: none"> To promote the development of medical devices in our biomaterials business in our pharmaceuticals business, which we aim to launch in the future, with a view to global expansion. 	

Medium-term Management Plan



[Achievements in FY2023 for The 22-24 Medium-term Management Plan]

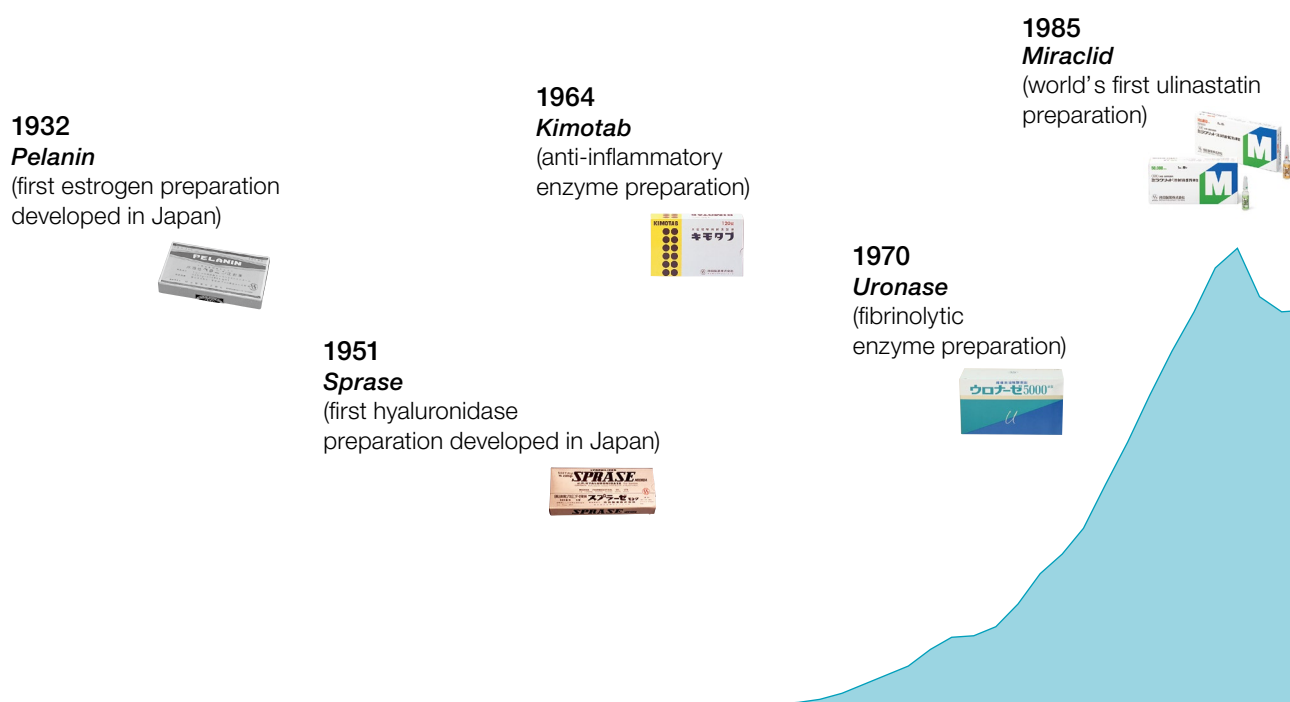
1 Maximization of profits in targeted areas with a focus on new drugs	
Pharmaceutical business	<ul style="list-style-type: none"> Launched three new drug products (Treprost Inhalation Solution, Omvoh and Cortiment) as well as one biosimilar product (Pegfilgrastim BS), for the maximization of profits. Increased focus on gastroenterology through enhancement of our lineup of ulcerative colitis drugs.
2 Continuous investment in growth to realize the "Vision for 2031"	
Pharmaceutical business	<ul style="list-style-type: none"> Conducted review and negotiations for enhancement of the development pipeline.
Biomaterials business	<ul style="list-style-type: none"> Made progress across our development pipeline, filing two applications (an application for dMD-001 in Japan and a 510(k) application for a material that supports nerve regeneration in the United States), and starting one confirmatory trial.
Healthcare business	<ul style="list-style-type: none"> Launched 2 new products.
New drug discovery modalities	<ul style="list-style-type: none"> Implemented three cell projects as initiatives for regenerative medicine products. Conducted drug discovery research in the field of nucleic acid drug, which is a competitive drug modality.
Global expansion	<ul style="list-style-type: none"> Promoted high purity EPA drugs, focusing on Asia. Promoted material that supports nerve regeneration in the United States.
3 Strengthening of the corporate organization to create innovation and improve productivity	
	<ul style="list-style-type: none"> Implemented operating a personnel and wage system that will allow the active participation of diverse human capital. Put various new systems into operation.

Corporate Development

Founded in 1913, Mochida Pharmaceutical Group has a history longer than 110 years. Throughout our long history, we have grown whilst pursuing research and development of drugs from an original perspective and creating unique products to meet medical and healthcare needs.

In the 1970s, we also rose to a new challenge, branching out into the medical devices and healthcare products businesses and, in the 2000s, we sought to strengthen and expand our businesses by spinning off divisions into new and separate companies.

In recent years, we have also leveraged our alliances with partners both in Japan and overseas to develop and sell unique new drugs. Furthermore, under our “Vision for 2031,” we aim to grow as a group through pharmaceutical research and development that incorporates new drug discovery modalities and through development of biomaterials and healthcare into business pillars.



Pharmaceutical business

Targeted Areas

Healthcare Business

1913~

- Started producing pharmaceuticals
- Pioneered hormonal preparations

1913 Established
1918 Renamed as Mochida
Pharmaceutical Company and
built pharmaceutical plant onsite

1945~

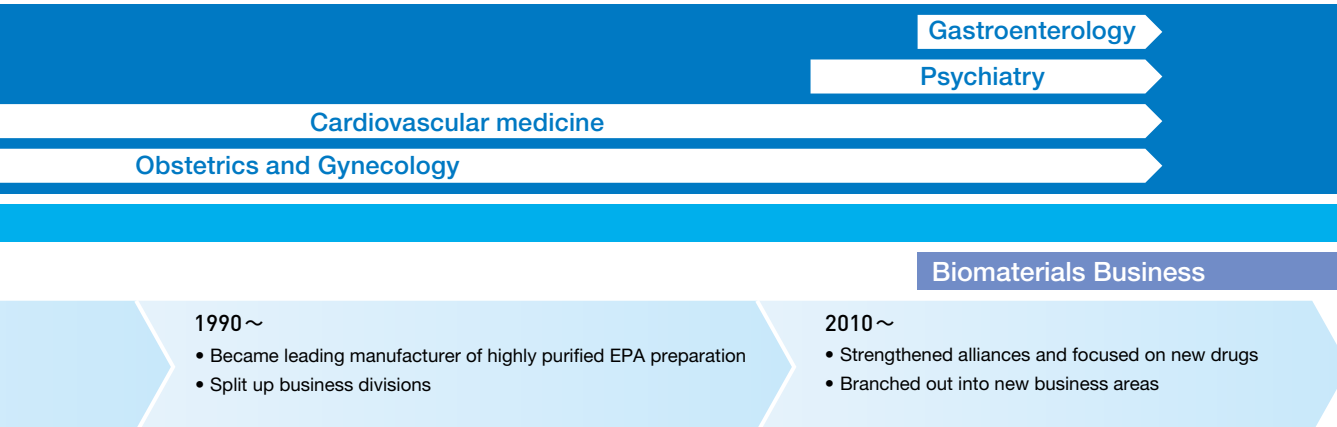
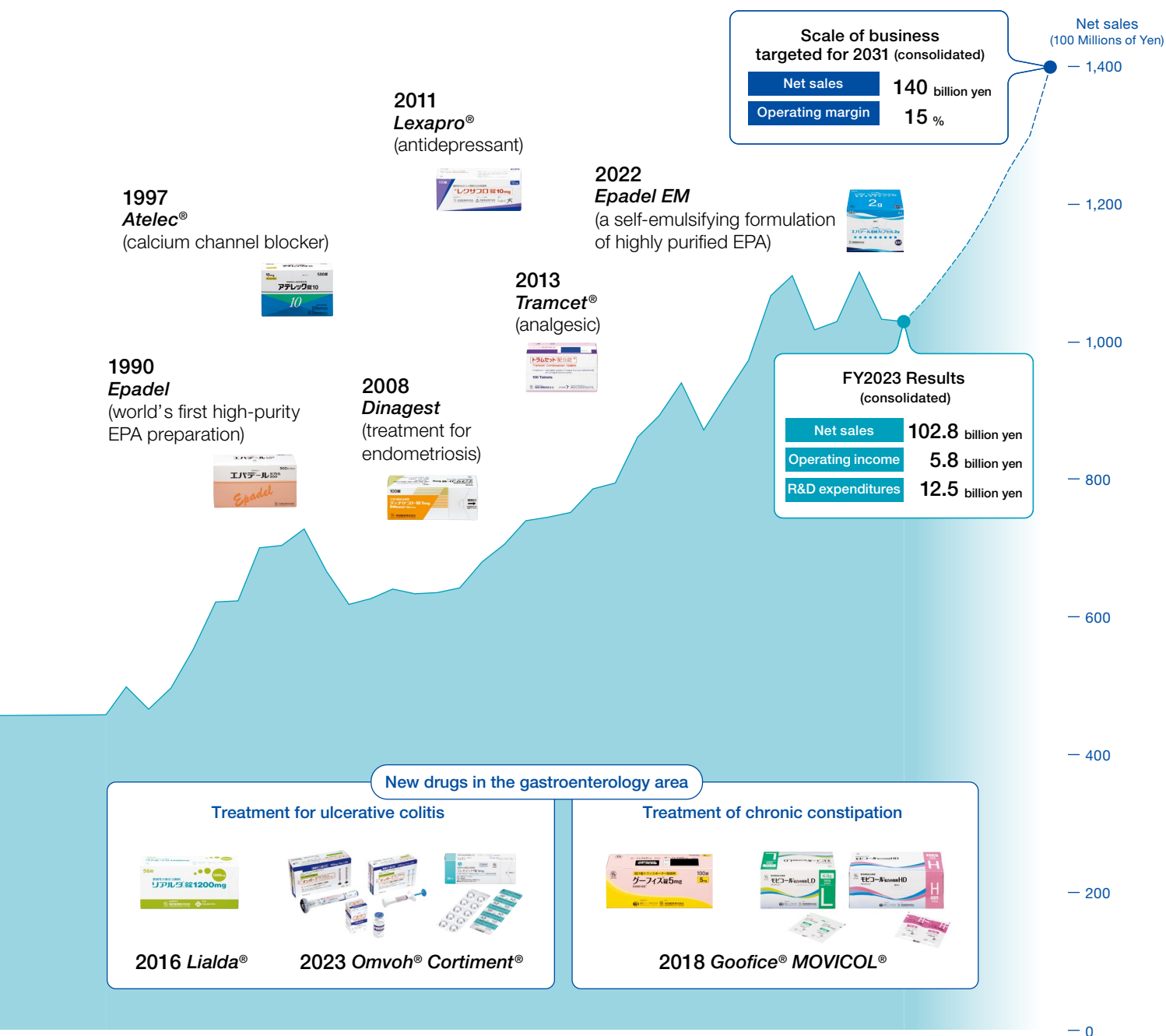
- Established presence in field of enzyme preparations
- Developed own sales network

1945 Mochida Pharmaceutical Co., Ltd.
was established.
1957 Established a research laboratory
(at Oji Plant)

1970~

- Entered the quasi-drugs business
- Entered the Medical Electronics and Equipment business

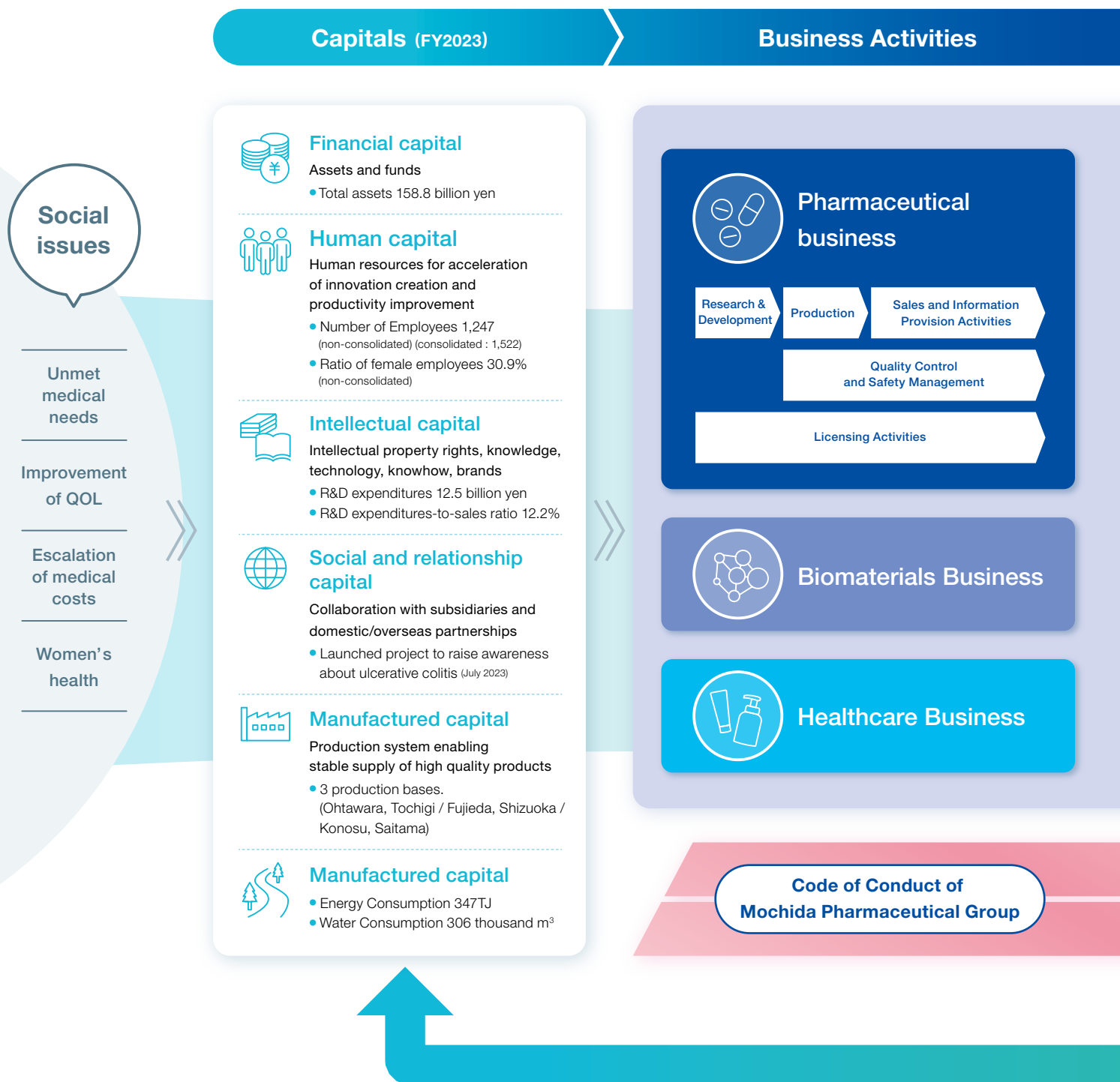
1970 Established the Paramedical Division
1972 Established the Medical
Electronics and Equipment Division
Completed the Shizuoka Plant
1982 Completed the Fuji Central
Research Laboratory



- 1991 Completed Ohtawara Plant
- 2003 Split up the Medical Electronics and Equipment Division
- 2004 Split up Healthcare Division
- 2005 Split up the manufacturing division

- 2014 Split up the generic drugs sales division

Value Creation Process



Mochida Pharmaceutical Group is committed to the “creation of unique products to meet needs,” the “stable supply of high quality pharmaceuticals” and the “proper provision of valuable information” through activities across its three businesses based on its corporate philosophy. Through this, we aim to provide value as a pharmaceutical company in the form of “improvement in the QOL of patients and their families,” “support for the different stages of a woman’s life” and ultimately “contribution to human health and wellbeing.” We are also committed to contributing to the realization of a sustainable society through these activities, which will, in turn, lead to achievement of the SDGs, and we will strive for sustainable enhancement of corporate value through continuous growth as a company needed by society.

FY2023 results

Provision of value

Major Products



Human resource
development

Compliance

Net sales
102.8 billion yen

**Operating
margin**
5.6%

**Dividend
per share**
80 yen

ROE
(Return on equity)
3.6%

**Ratio of
female managers**
11.6%
(non-consolidated)

CO₂ Emissions
(from FY2013 level)
▲15.4%

Contribution to human health and well-being

Improvement in the QOL of patients and their families
Support for the different stages of a woman’s life

Creation of
unique products
that meet needs

Stable supply of
high quality
pharmaceuticals

Proper provision
of valuable
information

Contribution to a sustainable society

Our contribution to the SDGs



Sustainable enhancement of corporate value

Materiality

Mochida Pharmaceutical Group identified material matters which the Group should address as a priority for the sustainable improvement of corporate value as materiality (material issues).

By focusing on our materiality, we will contribute to the realization of a sustainable society.

Identifying Material Issues

Through an assessment focusing on the two aspects of “importance to society” and “importance to the Group,” we identified “development of human resources,” “compliance,” “creation of unique products to meet needs,” “stable supply of high quality pharmaceuticals” and “proper provision of valuable information” as material issues.

Process for Identifying Material Issues

The Group identified material issues through the process shown in the figure, with reference to various principles and guidelines. We will review our material issues as appropriate, with adapting flexibly to future changes in society.

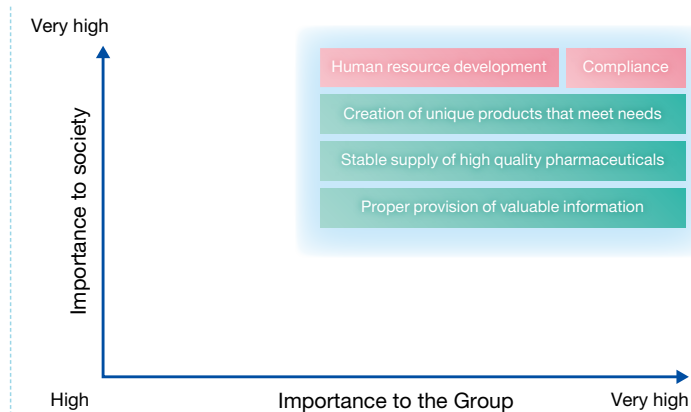
[Identification Process]

Step1 Identifying issues

Identify a wide range of issues which are potential material issues, taking various principles and guidelines (SDGs, GRI Index, ISO26000, etc.) into consideration.

Step2 Organizing potential material issues

Map the identified issues on two axes: importance to society and importance to the Group, and narrow down the most important matters.



Step3 Identifying material issues

Identify the Group’s material issues through internal discussion of the issues organized according to the above criteria, primarily at meetings of the Board of Directors and Sustainability Committee.

The Five Material Issues

Among the Group's five material issues, the Group will work on "development of human resources" and "compliance" as material issues underpinning the management foundations and on "creation of unique products to meet needs," "stable supply of high quality pharmaceuticals" and "proper provision of valuable information" as material issues in relation to our businesses.

Material issues underpinning the management foundations







- We believe that a major driver underpinning corporate value creation is "human resources" and we will, therefore, strive to create company and workplaces where every employee can demonstrate their full potential and grow.

- We are committed to promoting "compliance," which is an absolute condition for corporate survival.













Material issues in relation to our businesses

- We will continue working on the "creation of unique products to meet needs," perceiving increasingly diverse medical and healthcare needs as a business opportunity and adapting to changes of the business environment.
- Through the "stable supply of high quality pharmaceuticals" and "proper provision of valuable information," we will contribute to human health and well-being and seek enhancement in our corporate value.

[Material issues underpinning the management foundations]

Material issues	Target	Main initiatives	Related SDGs
Human resource development	Develop human resources for acceleration of innovation creation and productivity improvement	<ul style="list-style-type: none"> • Support for performance-enhancing skills development • Training and education for human resource development for driving innovation • Revision of personnel systems for the realization of work styles that allow employees to take on challenges • Implementation of initiatives that help women to stay in good health and to actively participate 	    
Compliance	Seek to increase compliance awareness as an organization	<ul style="list-style-type: none"> • Provision of compliance training • Operation of whistleblowing and consulting 	

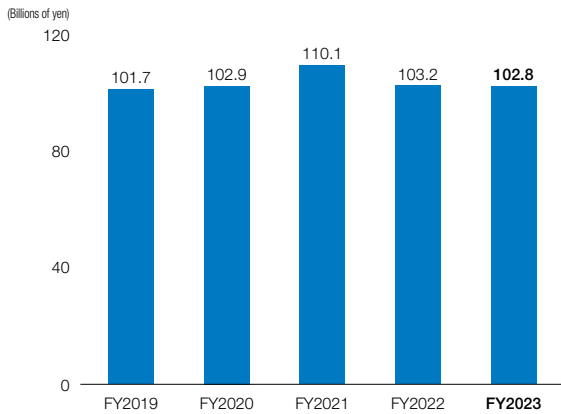
[Material issues in relation to our businesses]

Material issues	Target	Main initiatives	Related SDGs
Creation of unique products that meet needs	Create farsighted, distinctive products and meet diversifying medical and healthcare needs	<ul style="list-style-type: none"> • Initiatives for new modalities • Implementation of research and development projects • Development of science & technology infrastructure • Active utilization of open innovation 	   
Stable supply of high quality pharmaceuticals	Properly implement product quality management and endeavor to maintain a stable supply	<ul style="list-style-type: none"> • Implementation of supply chain management • Pursuit of stable operation at manufacturing sites • Maintenance and strengthening of reliability assurance system 	   
Proper provision of valuable information	Provide valuable information in compliance with the Guidelines for Sales Information Provision Activities for Ethical Drugs	<ul style="list-style-type: none"> • Achieve highly useful medical information provision through a mix of physical and digital channels • Implementation of supervision and monitoring of sales information provision activities 	   

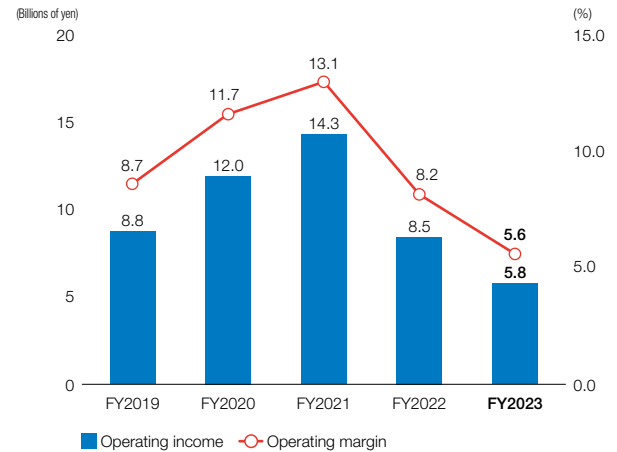
Financial and Non-Financial Highlights

Financial data (consolidated)

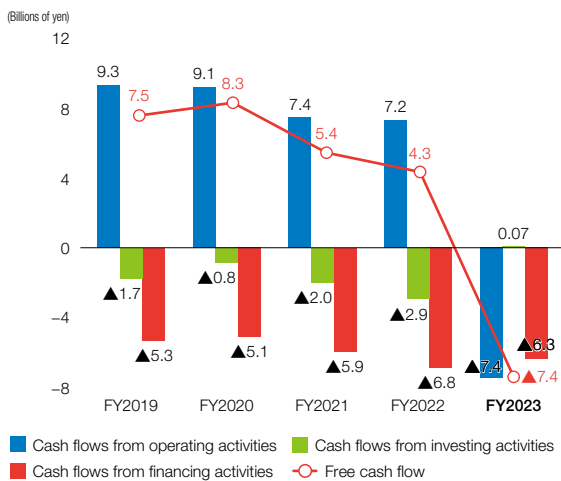
Net sales



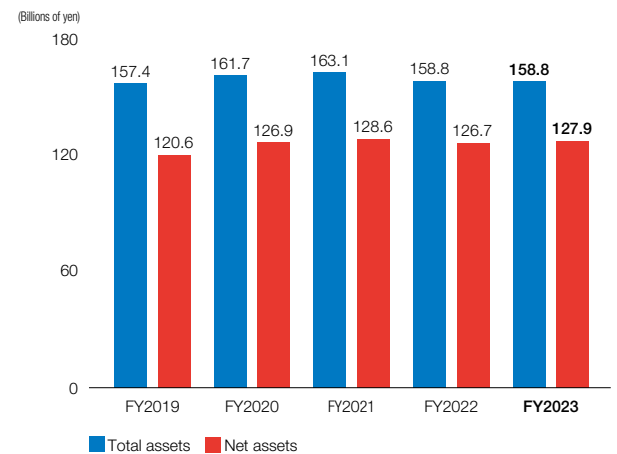
Operating income and operating margin



Cash Flows

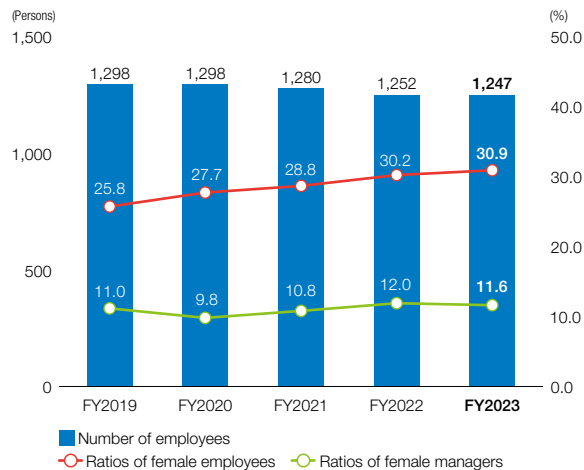


Total assets and net assets

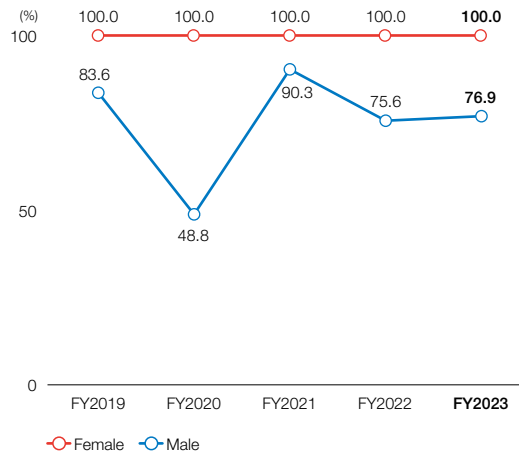


Human resources (non-consolidated)

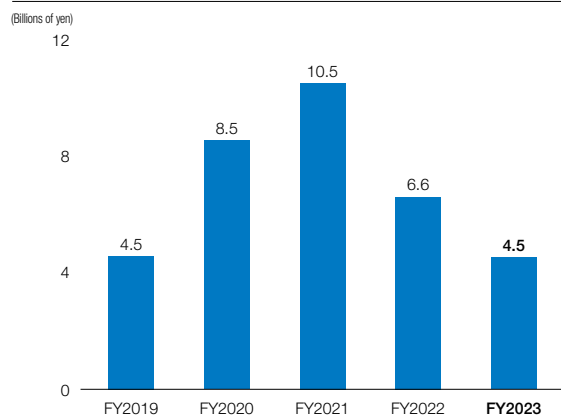
Number of employees, and ratios of female employees and female managers



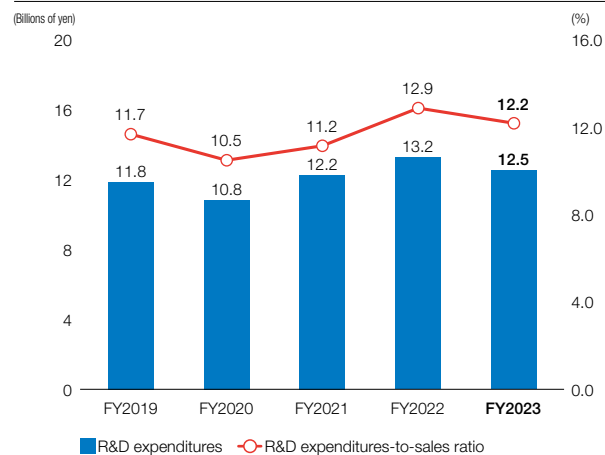
Ratio of employees who took childcare leave



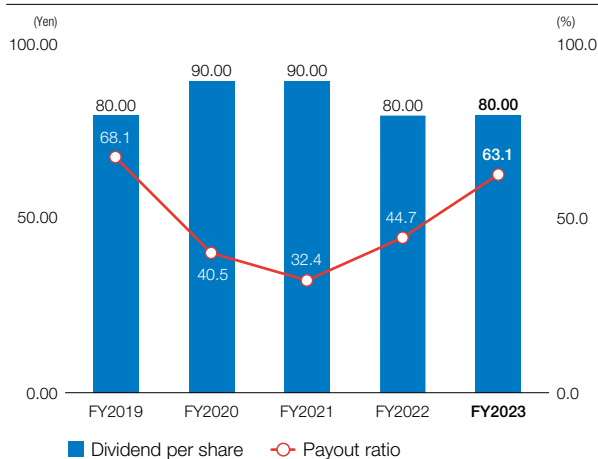
Profit attributable to owners of parent



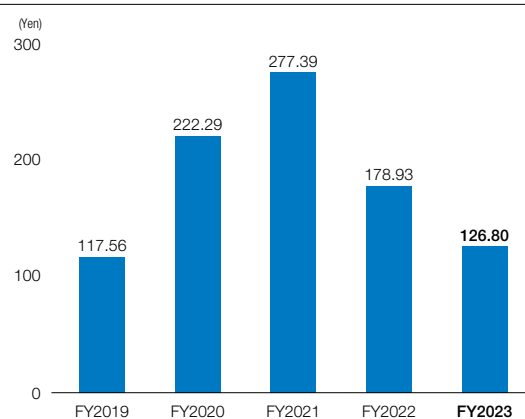
R&D expenditures and R&D expenditures-to-sales ratio



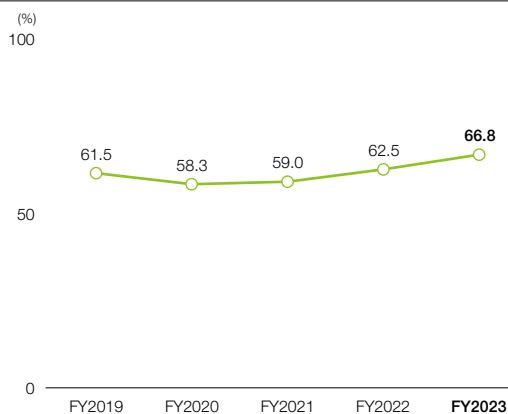
Dividend per share and payout ratio



Net income per share

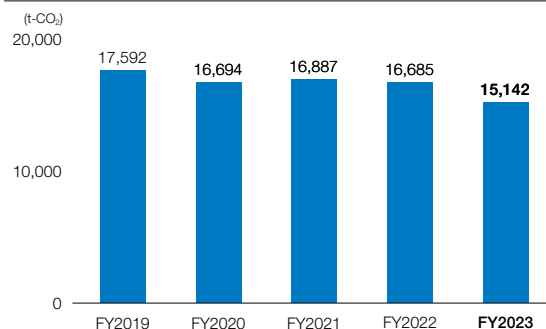


Ratio of employees who took paid leave



Environment

Trend of CO₂ Emissions



Sites covered; Head Office, Gotemba site, Fujieda site and every other business site of Mochida Pharmaceutical Co., Ltd., Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd.

CO₂ emissions; Total amount of energy-related CO₂ emissions from fuel and electricity consumption

Operating Results, Investment and Returns in FY2023

Net Sales

Consolidated net sales for the fiscal year under review declined 0.4% year on year, to 102,885 million yen.

A breakdown by business shows that the pharmaceutical business posted net sales of 96,455 million yen, down 0.9% year on year, reflecting the impact of NHI drug price revisions and market entry of generic versions of the antidepressant drug *Lexapro* in December 2022. Net sales of new drugs increased year on year, bolstered by growth of *Lialda* for the treatment of ulcerative colitis, *Goofice* and *Movicol* for the treatment of chronic constipation, and *Urece* for the treatment of gout and hyperuricemia. *Treprost® Inhalation Solution*, a treatment for pulmonary arterial hypertension (PAH) released on May 2023, *Omvoh*, an IL-23p19 monoclonal antibody for the treatment of ulcerative colitis released in June 2023, and *Cortiment*, a drug for ulcerative colitis released in September 2023 also contributed to higher new drug sales. Net sales of long-listed products were down from the level a year earlier. Net sales of generics rose year on year, partly thanks to *Pegfilgrastim BS*, a biosimilar version of long-acting G-CSF agent Pegfilgrastim launched in November 2023.

The net sales of the healthcare business amounted to 6,430 million yen, climbing 8.6% year on year. Net sales of the *Collage Furfur* series, which includes shampoo and soap products containing antimicrobial ingredients, grew, as did the *Collage Repair* series of basic skin care products.

Income

Lower gross profit, reflecting decreased net sales in the pharmaceutical business and rising prices for imported APIs and preparations due to a weaker yen, and higher SG&A expenses associated with the launch of new products caused operating income to fall 31.8% year on year, to 5,802 million yen. Recurring income declined 33.5% year on year to 6,037 million yen, while profit attributable to owners of parent was 4,547 million yen, down 31.6% year on year.

Financial Position

Total assets at the end of the fiscal year under review amounted to 158,800 million yen, down 31 million yen from the end of the previous fiscal year. Assets declined overall partly due to a decrease in cash and deposits. On the liabilities side, increases in items such as notes and accounts payable were more than offset by decreases in items such as accounts payable-other included in other current liabilities, resulting in overall decline. Net assets increased overall, mainly due to the recording of a net income, which more than offset decreases due to the purchase of treasury shares and dividends paid as returns to shareholders.

[Net sales • Income (consolidated)]

(Millions of yen)

	FY2022 results (Year-on-year change)	FY2023 results (Year-on-year change)	Year-on-year change
Net sales	103,261 (▲6.3%)	102,885 (▲0.4%)	▲375
Operating income	8,507 (▲40.9%)	5,802 (▲31.8%)	▲2,705
Operating margin	8.2%	5.6%	▲2.6point
Recurring income	9,085 (▲38.6%)	6,037 (▲33.5%)	▲3,047
Profit attributable to owners of parent	6,649 (▲37.1%)	4,547 (▲31.6%)	▲2,101
R&D expenditures	13,283	12,554	▲728

[Consolidated Balance Sheets]

(Millions of yen)

	End of previous fiscal year (As of March 31, 2023)	End of fiscal year under review (As of March 31, 2024)	Year-on-year change
Total assets	158,831	158,800	▲31
Current assets	117,379	116,662	▲717
Fixed assets	41,452	42,138	685
Total liabilities and net assets	158,831	158,800	▲31
Current liabilities	27,258	26,073	▲1,184
Long-term liabilities	4,798	4,759	▲38
Net assets	126,775	127,967	1,192

Cash Flows

Cash and cash equivalents (hereinafter called “funds”) as of the end of the fiscal year under review was 24,290 million yen, a decrease of 13,720 million yen from the end of the previous year.

Cash flows from operating activities

Cash used in operating activities during the consolidated fiscal year under review was 7,480 million yen, which was 7,297 million yen more than cash used in the previous consolidated fiscal year. This was mainly due to increases of 7,032 million yen in trade receivables and 5,873 million yen in inventories, despite income before income taxes of 6,160 million yen.

Cash flows from investing activities

Net cash provided by investing activities during the fiscal year under review was 74 million yen, a decrease of 2,949 million yen from the end of the previous fiscal year. This was mainly due to 2,296 million yen spent on the purchase of property, plant and equipment and intangible fixed assets, despite 2,601 million yen in proceeds from the sale of investment in securities.

Cash flows from financing activities

Cash used in financing activities during the consolidated fiscal year under review was 6,393 million yen, which was 6,884 million yen less than cash used in the previous consolidated fiscal year. This mainly reflected the purchase of treasury shares of 3,492 million yen and dividends paid of 2,887 million yen.

Growth Investment

R&D expenditures

During the fiscal year under review, consolidated R&D expenditures totaled 12,554 million yen. Expenditures fell short of the initial forecast due to the revision or

postponement of certain plans. R&D expenditures in the pharmaceutical business in the consolidated fiscal year under review amounted to 12,452 million yen. In the healthcare business, R&D expenditures were 101 million yen.

Capital investment

During the consolidated fiscal year under review, the Group made capital expenditures of 2,315 million yen, consisting mainly of the acquisition of land adjacent to the headquarters office building, the augmentation and rationalization of pharmaceutical production facilities in the pharmaceutical business and the renewal of pharmaceutical research equipment at the pharmaceutical research center.

Shareholder Returns

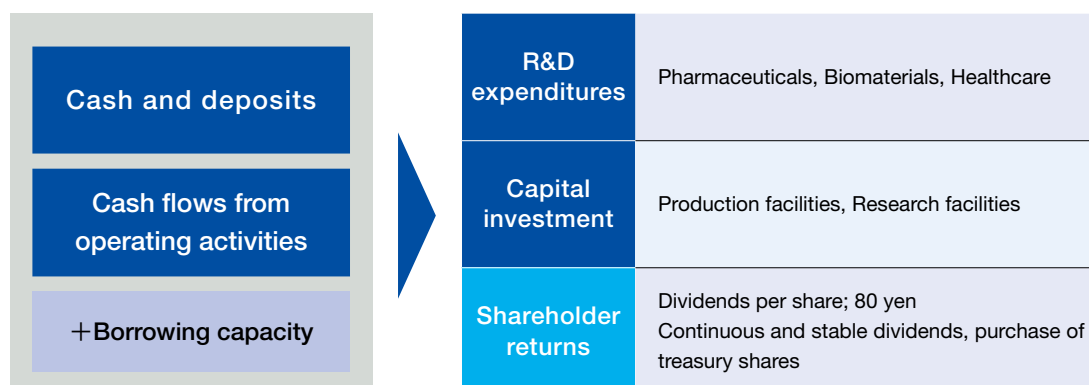
The Group considers it important to continuously strive to increase corporate value by developing business performance and return appropriate profits to shareholders. Our basic policy is to maintain stable dividends while enhancing internal reserves for future business development.

We intend to maintain a dividend of at least 80 yen per share during the three-year period of the 22-24 Medium-term Management Plan, and we paid a dividend of 80 yen for FY2023 as planned. We plan to pay a dividend of 80 yen in FY2024.

Additionally, in FY2023, we purchased treasury shares worth about 3.5 billion yen, and also completed the cancellation of treasury shares. In FY2023, our dividend payout ratio was 63.1%, and our total shareholder return ratio was 139.7%.

We will continue considering the purchase of treasury shares as needed and flexibly respond to changes in the business environment.

[Investment and Returns]





Message from the President

Meeting medical and healthcare needs and contributing to human health and well-being is our mission.

Through activities across our three businesses (pharmaceutical business, biomaterials business, and healthcare business), we intend to actively address and resolve social issues and help improve the QOL of patients.

At the same time, we will provide support for the different stages of a woman's life, aiming to realize a society in which women enjoy good health and can actively participate.

We are also committed to the realization of a sustainable society, integrating sustainability into our business activities, including conducting business activities under appropriate corporate governance, giving consideration to environmental issues such as climate change, respecting human rights, and working to develop workplaces where diverse human resources can participate.

Naoyuki Mochida,
Representative Director, President

Review of FY2023

As the Japanese government continued to implement measures to reduce drug costs whilst struggling to finance social security expenditures, at the beginning of FY2023, we expected that net sales would increase, driven by growth of new drugs, and that operating income would be mostly unchanged from FY2022. However, the results for FY2023 showed declines in both sales and profit. This was largely because in the “off-year” NHI drug price revisions rolled out in April 2023, our NHI drug price revision rate was higher than the average and we were unable to make up this lost ground with increased net sales of new drugs, and also because our performance was affected by higher prices for imported APIs and preparations due

to a weaker yen.

The pharmaceutical business reported decreased sales, reflecting price cuts as a result of the NHI drug price revisions as well as the market entry of generic versions of the anti-depressant *Lexapro* in December 2022. Growth in net sales of new drugs such as newly released *Treprost Inhalation Solution*, *Omvo* and *Cortiment* was offset by decline in net sales of long-listed drugs and, overall, net

[Net Sales by Business]

(Millions of yen)

	FY2022 results (Year-on-year change)	FY2023 results (Year-on-year change)	Year-on-year change	FY2023 initial forecasts (Year-on-year change)
Net sales	103,261 (▲6.3%)	102,885 (▲0.4%)	▲375	104,000 (0.7%)
Pharmaceutical business	97,340 (▲6.8%)	96,455 (▲0.9%)	▲885	97,700 (0.3%)
Healthcare business	5,920 (3.3%)	6,430 (8.6%)	509	6,300 (7.1%)

sales fell short of our initial forecast. Operating income fell due to lower gross profit, reflecting decreased net sales in the pharmaceutical business and rising prices for imported APIs and preparations due to a weaker yen, as well as higher SG&A expenses associated with the launch of new products. On the research front, we sought to enhance our drug discovery pipeline and in the field of nucleic acid drugs, we actively sought to acquire human capital with high levels of expertise and drug discovery technologies. Meanwhile, in the field of regenerative medicine products, we conducted projects researching three different types of cells: high purity mesenchymal stem cells or RECs (Rapidly Expanding Cells), stem cells from human exfoliated deciduous teeth or SHED, and umbilical cord-derived mesenchymal stromal cells or *HLC-001*. On the clinical development front, we made steady progress across our pipeline, obtaining approval for *Pegfilgrastim BS*, and filing

an application for approval of an additional indication for *Treprost Inhalation Solution*.

In the biomaterials business, we pushed ahead with various projects with alginic acid as the underlying theme, and we filed for manufacturing and marketing approval for *dMD-001*, an articular cartilage lesion restoration material. In addition, our application to the US Food and Drug Administration (FDA) for 510(k) clearance (an application process needed to obtain marketing approval for Class II medical devices in the US) for ReFeel®, a material that supports nerve regeneration, was obtained in June 2024.

The healthcare business achieved gains in sales and profit, reflecting continued growth of the *Collage Furfur* series, which includes shampoo and soap products containing antimicrobial ingredients, as well as the *Collage Repair* series of basic skin care products.

» Progress of the 22-24 Medium-term Management Plan

In May 2022, the Group established its “Vision for 2031,” which embodies its long-term vision, and the three-year “22-24 Medium-term Management Plan,” which begins in FY2022.

With our sights set on “Vision for 2031” and with the pharmaceutical business, biomaterials business and healthcare business as our three business pillars, we are working to offer a lineup of distinctive products that meet needs in each business, while also eyeing global expansion. In terms of business scale, we aim to achieve sustainable growth through expansion of the biomaterials business, which is one of the pillars of the next generation, and business areas using new drug discovery modalities such as regenerative medicine products, and we aim to achieve total net sales of 140 billion yen and an operating margin of 15%. I believe that, in order to achieve these targets, we must first make sure we achieve the 22-24 Medium-term Management Plan as, back casting from our “Vision for 2031,” this three-year period is the groundwork for the rest.

The 22-24 Medium-term Management Plan talks about creating innovation and improving productivity. Innovation means developing new ideas and techniques to create new value and increase the influence we exercise over markets, and innovation is expected of all departments not just R&D departments. Our aim is that all our employees demonstrate creativity and autonomy in their work. Accordingly, we foster a challenging spirit and develop environments in which employees can grow and fulfill their potential.

Under the 22-24 Medium-term Management Plan, we have been focusing on three issues as a priority and are now more than two years into the plan. In terms of

“maximization of profits in targeted areas with a focus on new drugs,” which is the first issue raised in the plan, over the past two years, we have launched the newly developed drugs *Epadel EM* and *Treprost Inhalation Solution* as well as the biosimilar *Pegfilgrastim BS*. We also released *Omvoth* and *Cortiment*, two new drugs to treat ulcerative colitis (UC), successfully expanding our lineup in the gastroenterology field or more specifically our lineup of drugs used to treat UC. I believe we have made progress on the maximization of profits with a focus on new drugs and intend to achieve gains in sales and profit in FY2024.

The second issue we are focusing on is “continuous investment in growth to realize the ‘Vision for 2031’.” These past two years, in the pharmaceutical business, we have worked to advance and enhance our development pipeline, and we have also focused mainly on projects for regenerative medicine products using mesenchymal stem cells, as well as drug discovery research into nucleic acid drugs, an area where we have a competitive advantage. In the biomaterials business, we have made steady progress, pushing ahead with the development of medical equipment using the properties of alginic acid to support the body’s self-healing capacity, for applications such as the treatment of injuries to articular cartilage, cavernous nerves and peripheral nerves, and postoperative adhesion. In the healthcare business, we have increased business scale through a range of initiatives, including the launch of three new products, and marketing campaigns supported by medical professionals.

As for the third issue: “strengthening of the corporate organization to create innovation and improve productivity,” development of the systems initially envisaged at the time of formulation of the 22-24 Medium-term Management

Plan, such as the new personnel and wage system and the new customer management system, is now mostly complete and these systems are now up and running. In

FY2024, we will make full use of these systems to further step up our efforts to create innovation and improve productivity.

» Allocation of Management Resources

I believe that, to realize our “Vision for 2031,” it is important to invest in growth as we are currently doing by investing in R&D and investing in in-licensing activities to enhance our development pipeline. R&D expenditures amounted to 13.2 billion yen in FY2022, which was the first year of the 22-24 Medium-term Management Plan, and 12.5 billion yen in FY2023. We plan R&D expenditures of 13.2 billion yen in FY2024, and will continue to actively make investments that will lead to future competitiveness.

In the pharmaceutical business, these past two years, multiple projects in the pipeline have progressed to a stage of development where we have either obtained approval or are applying for approval. Consequently, the enhancement and augmentation of our pipeline is a matter

of urgency and we intend to actively invest in in-licensing. We are also allocating investment to the field of regenerative medicine products and nucleic acid drugs. In the biomaterials business, I believe it is important to continue investing to meet medical needs that are not met with existing treatments.

Furthermore, our business activities to date have been confined to the Japanese market; however, we aim to expand globally and are building the systems and securing the personnel to enable this, including establishing the International Business Office in April 2024. In terms of shareholder returns, we aim to maintain stable dividends, while also striking a balance between shareholder returns and investments for growth.

» Striding toward Value Creation

Mochida Pharmaceutical Group traces its origins back to 1913, when our founder Ryokichi Mochida began manufacturing pharmaceuticals based on an “original research” approach. Since then, under the motto “foresighted and original research,” we have developed “unique products” and made them available to the world of medicine and healthcare. The Group aims to grow as a unique life and healthcare group which meets medical and healthcare needs, gaining global recognition for its *raison d’être*, in accordance with its corporate philosophy “Actively contributing to human health and well-being in the field of medicine, totally committed to the development of innovative products.” We are committed to developing “unique products” in our three businesses (pharmaceutical business, biomaterials business, and healthcare business), and providing patients and others with health concerns as well as their families with value that only we can provide.

We have identified five materiality (materials issues). Materiality in relation to our businesses are “creation of unique products to meet needs,” “stable supply of high quality pharmaceuticals” and “proper provision of valuable information.” Contributing to human health and wellbeing through our business activities is our mission, and the belief that we are helping patients lead healthier, richer lives through our products services provides the impetus for our activities. Material issues underpinning the management

foundation are “compliance” and “human resource development.” I believe that a basic commitment to striving for compliance and contributing to the realization of a sustainable society is important when conducting business activities. Mochida Pharmaceutical Group attaches importance to tenaciously taking on new and difficult challenges. I believe that acting with integrity and ensuring compliance are essential for winning stakeholder trust. Relationships of trust with stakeholder are built and underpinned by “human capital.” I believe that more imperative than anything else is that all members of Mochida Pharmaceutical Group, including myself, recognize their role, perform at their full potential, and focus on the job in hand with a sense of responsibility. “Human capital” is the very wellspring of value, which is why employee engagement is extremely important. Employee engagement is essential for our sustainable value creation, and I believe that when all employees take pride in their own work and take initiative, aligning their own personal growth with the direction the company is moving in, then we as a company will be more competitive and innovative. We are working to improve employee engagement through efforts to gain an understanding of levels of engagement and through the implementation of measures based on this understanding.

» Support for the Different Stages of a Woman's Life

Mochida Pharmaceutical has made available an array of products related to women's health, ranging from hormone preparations for women pioneered in 1932, pharmaceuticals and diagnostic tests related to pregnancy and childbirth, and more recently, pharmaceuticals for infertility, and treatments for endometriosis, adenomyosis, dysmenorrhea and osteoporosis.

The Ministry of Economy, Trade and Industry in Japan has estimated that the economic losses to society due to women-specific health issues amount to approximately 3.4 trillion yen and, today, many women are not receiving the appropriate treatment or care for women-

specific diseases and symptoms. The Group is committed to providing value as a pharmaceutical company in the form of "support for the different stages of a woman's life." In addition to positioning obstetrics and gynecology as a priority field, we also disseminate accurate information about women's health on our website and via other means. We also create workplace environments where our female employees can advance their careers in good health, and we have introduced welfare services aimed at supporting women's health for the first time. We are committed to contributing to the realization of a society where women can live healthier, richer lives.

» Promotion of Understanding about Ulcerative Colitis

Ulcerative colitis (UC) is an idiopathic inflammatory bowel disease that results in the formation of erosions and ulcers on the colon's lining and that can be refractory. Characteristic symptoms include diarrhea, constipation, and abdominal pain and it is a disease that can restrict social activities, negatively impact QOL, and affect patients' school attendance and professional and family lives. The estimated number of UC patients in Japan is 220,000; however, it is a disease that the general public is unfamiliar with. Bowel urgency, defined as the sudden and immediate need to have a bowel movement, is the symptom that

patients would most like resolved. Motivated by empathy for UC patients who live with the anxiety of not knowing if they will get to the restroom in time and a desire to broaden the circle of support for UC patients by increasing understanding for UC, Eli Lilly Japan K.K. and Mochida Pharmaceutical launched a joint project "Promoting a society in which patients can talk openly about living with ulcerative colitis" in 2023. We hope that our activities will increase understanding of UC and bowel urgency, a symptom of UC that has a massive impact on the QOL of patients.

» To Our Valued Stakeholders


FY2024 is the final fiscal year for groundwork for our "Vision for 2031." Despite the challenging business environment, we will advance to the next phase by rebuilding our profit structure, with the pharmaceutical business, the biomaterials business and the healthcare business as our three business pillars.


By continuing to meet the medical and healthcare needs of patients and medical professionals with utmost care and attention and continuing to create and provide things of value that only we can provide, we intend to live up to the expectations of our stakeholders. I would like to ask for your continued support.



Business Overview

The Group's main businesses are the pharmaceuticals business and the healthcare business. In addition to these businesses, we are focusing on the biomaterials business as one of the pillars of the next generation.

	Pharmaceutical business
External environment	<ul style="list-style-type: none"> • “Off year” drug price revisions, measures promoting the use of generic drugs, introduction of elective care scheme for long-listed product • Rising prices due to a weaker yen • Increasing complexity of new drug development • Increasingly diverse drug discovery modalities
Overview	<ul style="list-style-type: none"> • 4 targeted areas cardiovascular medicine, obstetrics and gynecology, psychiatry, and gastroenterology • Pursuing maximization of profits with focus on new drugs • Working on generics with strong business potential such as biosimilars • Working on regenerative medicine products and nucleic acid drugs
Scale of business	• 96.4 billion yen (94% of net sales)
Main products	<p><i>Lialda</i>®: 14.5 billion yen <i>Goofice</i>®: 7.7 billion yen <i>Epadel</i>: 7.4 billion yen</p> 
Research and Development	<ul style="list-style-type: none"> • Advancing 5 pipeline drugs various the stages of development (As of August, 2024) • Strongly promoting drug discovery research, with particular focus on siRNA medications • Working on projects using mesenchymal stem cells
Global expansion	Marketing highly purified EPA preparation worldwide, including in ASEAN, China and the US

	Biomaterials business	Healthcare business
External environment	<ul style="list-style-type: none"> • Existence of unmet medical needs • Market expansion driven by increased expectations for biomaterials • Competition with other medical device products 	<ul style="list-style-type: none"> • Growth of female care (femcare) • Falling birthrate and aging population and expansion of skin care market in the area of nursing • Intensification of competition between companies
Overview	<ul style="list-style-type: none"> • Implementation of projects with alginic acid as the underlying theme • Unique medical device development framework that only a pharmaceutical company can create 	<ul style="list-style-type: none"> • Growth in sales of <i>Collage Furfur</i> series and <i>Collage Repair</i> series • Manufacture and sale of high quality products
Scale of business	—	6.4 billion yen (6% of net sales)
Main products	—	<p><i>Collage Furfur</i> series <i>Collage Repair</i> series</p> 
Research and Development	<ul style="list-style-type: none"> • Filed application for dMD-001 • Obtained 510(k) clearance for <i>ReFeel</i>® • In process of developing dMD-002 and dMD-003 	<ul style="list-style-type: none"> • Creating products that meet needs identified through communication with medical professionals • Developing high performance skin care products supported by clinical trial data conducted by dermatologists
Global expansion	<ul style="list-style-type: none"> • Expanding applications for <i>ReFeel</i>®, a material that supports nerve regeneration, in the US 	—

Pharmaceutical Business

Research & Development and Licensing Activities

Research

In our research, we maximize foresight and originality in all processes, based on our unique research and development capabilities and diverse technological knowhow cultivated over many years. We are also taking on the challenge of addressing unmet medical and health needs, including addressing intractable and rare diseases that have been difficult to treat with conventional small molecules and antibody drugs alone. Through open innovation and drug discovery utilizing external resources to incorporate new modalities that are expected to grow in the future such as cells, nucleic acids, and genes, we aim to enhance our drug discovery pipeline.

In the field of regenerative medicine products, we are giving priority to projects using mesenchymal stem cells, and are currently in the process of developing therapies using stem cells from human exfoliated deciduous teeth (SHED), high purity mesenchymal stem cells (RECs: Rapidly Expanding Cells), and mesenchymal stromal cells obtained from the umbilical cord (HLC-001). We are working with S-Quatre Corporation on the commercialization of SHED. In collaboration with PuREC Co., Ltd., we are researching regenerative medicine products that combine REC and sodium alginate and developing processes to manufacture them. As for *HLC-001*, evaluation of the Phase II clinical trial conducted by Human Life CORD Japan Inc. is complete and we are now preparing for the next stage of development.

Our Research Center is focusing on projects researching siRNA drugs, which are a type of nucleic acid drug, and has discovered numerous new siRNA drug candidates. We will actively seek to acquire human capital with high levels of expertise as well as drug discovery technologies, to build a competitive research framework, and pursue the creation of innovative new drugs that meet unmet medical needs. Meanwhile, a TRPV1 antagonist discovered by Mochida Pharmaceutical is being developed for dry eye disease by Senju Pharmaceutical Co., Ltd. In July 2024, we announced that the phase III clinical trials had been successfully completed and that, during the comparative trial, the primary efficacy endpoints were achieved, while the long-term administration trial demonstrated positive results confirming the safety of clinical use.

The Group is also focusing on the in-licensing of new drug discovery seeds and technologies. Since 2019, we have implemented MOIRe (Mochida Open Innovation Research), our open innovation program for drug discovery research based on proposals from academic researchers.



Research Center (Gotemba, Shizuoka)

Nucleic acid drugs

Nucleic acid drugs are pharmaceuticals that are derived from nucleotides, which are the basic building blocks of DNA and RNA, and that are manufactured by chemical synthesis. Unlike antibody drugs and small-molecule drugs, nucleic acid drugs are expected to offer definitive treatment because they bind with high specificity to RNA molecules such as mRNA and

break them down, making the proteins produced by this mRNA disappear. Small interfering RNAs (siRNAs), which are a type of nucleic acid drug, are double-stranded RNA molecules that break mRNA into smaller fragments and, if the target gene sequence is known, new siRNA drug candidates can be developed quickly.

Development







By ensuring that the clinical development of pipeline drugs proceeds as scheduled, we have succeeded in obtaining manufacturing and marketing approval seamlessly every year. We are actively focusing on the development of treatments for refractory diseases which involves a high degree of complexity, as well as development aimed at establishing appropriate dosage and administration for pediatric patients, which has not been a focus of development in Japan before. We are also involved in the development of biosimilars. In FY2023, we obtained manufacturing and marketing approval for *Pegfilgrastim BS MOCHIDA/NIPRO* (Development Code: MD-110), which is our fifth biosimilar product. We currently have four products in the application stage and one product in the phase III clinical trial phase (As of August 2024). At the same time, we are working to enhance our development pipeline by identifying unmet medical needs. For main products such as *Urece*, *Epadel*, *Lialda*, *Cortiment*, *Omvoh*, *Goofice*, *Movicol* and *Dinagest*, we are creating evidence through post-marketing clinical research and database research, and implementing initiatives to create new value.

Intellectual Property (IP) Management

In our business activities, we endeavor to obtain, protect and utilize IP rights, including patents, in anticipation of global commercialization, licensing, collaborative research and other technical alliances. We also regularly conduct searching and evaluation of third-party's IP rights from the viewpoint of respecting their rights, and work to prevent IP risks in our businesses. We carry out various IP-related assessments, especially when making important decisions, for example when deciding whether to move to the next stage of drug development. Also, with respect to new drug discovery modalities, including regenerative medicine products, we encourage the creation of intellectual property in anticipation of global expansion and promote the strategic utilization of intellectual property. The intellectual property of subsidiaries is also collectively managed and applied to facilitate utilization of intellectual property within the Group.

[Pipeline]

(As of August 2, 2024)

Development Code <Generic Name> [Product name]	Stage					Indications	Formulation	Remarks
	Phase I	Phase II	Phase III	Filed	Approved			
MD-110 <Pegfilgrastim> [Pegfilgrastim BS MOCHIDA/NIPRO]						Indicated to decrease the incidence of chemotherapy - induced febrile neutropenia	Injectable	Biosimilar
ACT-541468 <daridorexant> [Quviviq]						Insomnia	Oral	
MD-711 <treprostinil> [Treprost Inhalation Solution]						Pulmonary hypertension associated with interstitial lung disease	Inhalant	
MD-0901 <mesalazine> [Lialda]						Ulcerative colitis(pediatric indication)	Oral	
FYU-981 <dotinurad> [Urece]						Gout and hyperuricemia (pediatric indication)	Oral	
MND-21 <icosapent> [Epadel]						Hypertriglyceridemia	Oral	Development country: China

*We obtained manufacturing and marketing approval for [ACT-541468], and [MD-711] in September 2024.

Licensing Activities

Most of our activities are being conducted in alliance with partners including academia-industry cooperation and industry collaboration in Japan and overseas. We promote the in-licensing activity of development programs and developed products in our strong areas and focused fields, the in-licensing and out-licensing of useful products which contribute to the society, including unique drug formulations with additional value which meet customer needs as well as medical needs.

We are also leveraging our alliances in Thailand, Vietnam and other ASEAN countries, China, Taiwan, the United States and other parts of the world to market our

high purity EPA drug globally. In Thailand, the subsidiary of Meiji Seika Pharma Co., Ltd. obtained approval to import and market our EPA drug for the treatment of hypertriglyceridemia in October 2020 and commenced sales in April 2021. In Vietnam, an alliance partner of Meiji Seika Pharma is in the process of applying for approval to import and market our EPA drug. In China, our development partner Sumitomo Pharmaceuticals (Suzhou) Co., Ltd., which is an overseas subsidiary of Sumitomo Pharma Co., Ltd., has filed a new drug approval application. We expect that an overseas subsidiary of Meiji Seika Pharma Co., Ltd. will assume responsibility for sales.

[Major Alliances]

Alliance Partner	Country	Subjects (Year of Conclusion)
EA Pharma Co., Ltd.	Japan	Purchasing and exclusive distribution of <i>Atelec</i> ® (1997) Purchasing and exclusive distribution of <i>Atedio</i> ® (2013) Co - development and co - distribution of <i>Goofice</i> ® (2016) Co - development and co - distribution of <i>Movicol</i> ® (2017)
Idorsia Pharmaceuticals Ltd.	Switzerland	Co - development and co - distribution of <i>Quviviq</i> ® (2019)
S - Quatre Co., Ltd.	Japan	Co - development and exclusive distribution of regenerative medicines products (2020)
LG Chem Ltd.	South Korea	Development and exclusive distribution of <i>Etanercept BS MA</i> (2012) Development and exclusive distribution of <i>Adalimumab BS MA</i> (2014)
Gedeon Richter Plc.	Hungary	Development and exclusive distribution of biosimilars, including <i>Teriparatide BS MOCHIDA</i> (2010)
Sumitomo Pharma (Suzhou) Co., Ltd.	China	Development partnership in China for <i>Epadel</i> (2016)
Takeda Pharmaceuticals U.S.A., Inc.	U.S.	Development and exclusive distribution of <i>Lialda</i> ® (2009)
Nichi - Iko Pharmaceutical Co., Ltd.	Japan	Purchasing and distribution of <i>Heparinoid Nichi - Iko</i> (2007)
Nissui Corporation	Japan	Purchasing of API of <i>Epadel</i> (1990)
Eli Lilly Japan K.K.	Japan	Purchasing and exclusive distribution of <i>Omvo</i> ® (2022)
Bayer AG	Germany	Development, manufacturing and exclusive distribution of <i>Dinagest</i> (1992)
Human Life CORD Japan Inc.	Japan	Co - development and exclusive distribution of regenerative medicines product HLC - 001(2023)
PuREC Co., Ltd.	Japan	Tripartite collaborative research, involving academia using high - purity mesenchymal stem cells (RECs - Rapidly Expanding Cells) and ultra - purified sodium alginate (2020)
Ferring Pharmaceuticals Co., Ltd.	Japan	Purchasing and exclusive distribution of <i>Cortiment</i> ® (2022)
FUJI YAKUHIN Co., Ltd.	Japan	Co - development and exclusive distribution of <i>Urece</i> ® (2017)
Meiji Seika Pharma Co., Ltd.	Japan	Sales partnership in ASEAN, China and Taiwan for <i>Epadel</i> (2017)
Janssen Pharmaceutical K.K.	Japan	Purchasing and exclusive distribution of <i>Tramcet</i> ® (2013)
United Therapeutics Corporation	U.S.	Development and exclusive distribution of <i>Treprost</i> ® (2007) Development and exclusive distribution of <i>Treprost</i> ® <i>Inhalation Solution</i> (2017)
Lundbeck A/S	Denmark	Development, manufacturing and exclusive distribution of <i>Lexapro</i> ® (2001)

Production

Mochida Pharmaceutical Group's medical products are mainly manufactured by Mochida Pharmaceutical Plant Co., Ltd. ("MPP"). The Head Office Plant in Ohtawara, Tochigi Prefecture manufactures injectable, solid (tablets, capsules, etc.) and semi-solid (creams, ointments, gels, etc.) medicines. Whilst paying attention to safety, we continuously strive to maintain stable operation, stable supply and appropriate quality. We also pursue reliable and efficient drug manufacturing, meeting diverse needs through manufacturing facilities and technologies, all of which are compliant with global standards.

Production of High Quality Pharmaceuticals

MPP's production facilities meet requirements under Japanese Good Manufacturing Practice (JGMP) and international guidelines such as the pharmaceuticals Good Manufacturing Practice guidelines provided by the Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme (PIC/S GMP). In addition, computer-integrated systems control all the processing stages, from the receipt of raw materials to final shipping, to ensure that all products are manufactured to the highest standards of quality.

State-of-the-art Drug Manufacturing Technologies

Like research & development, pharmaceutical manufacturing processes demand a high level of technological capability. We utilize decades of manufacturing know-how to provide technologically high

value products such as the enzyme/protein preparations and biological products at which we excel and products which are considered difficult to manufacture such as freeze-dried injectables.

We also have dedicated areas, equipment and technologies for the manufacturing of solid dosage forms that require advanced encapsulation systems.

Packaging to Meet Healthcare Needs

In our production activities, we constantly strive to meet healthcare needs, and have introduced a definitive total quantity confirmation system with material code displays and a unified bar code system, to increase the efficiency of drug management. We also consider the healthcare settings in which our products are used and are focusing on initiatives such as the use of plastic bottles made from one type of material to facilitate sorting and disposal and the development of container designs with different shapes to prevent medical errors.

Contracted Manufacturing

Besides manufacturing Mochida Pharmaceutical Group's products, MPP is also actively involved in contracted manufacturing for other companies. Leveraging the experience built up as the manufacturing subsidiary of a pharmaceutical company, MPP reliably manufactures and supplies high quality products at reasonable prices, accommodating a wide variety of product specifications and scale requirements.



Mochida Pharmaceutical Plant Co.,Ltd. (Ohtawara, Tochigi)



Freeze dryers and automatic guided vehicles (AGV)



Tablet press for the production of solid dosage forms



Sterility environment testing system

Quality Control and Safety Management

Drugs affect human life and health. Accordingly, in the various processes from drug manufacturing to their distribution and use, pharmaceutical companies are required to exercise quality control and post-marketing safety management by methods in compliance with the Ministerial Ordinance on Standards of Quality Assurance for Drugs, Quasi-drugs, Cosmetics and Medical Devices (GQP Ministerial Ordinance) and the Ministerial Ordinance on Standards for Post-Marketing Safety Control of Drugs, Quasi-drugs, Cosmetics, Medical Devices, and Regenerative Medicine Products (GVP Ministerial Ordinance) issued by the Ministry of Health, Labour and Welfare.

In Mochida Pharmaceutical Group, the RA, QA and PV divisions manage and evaluate the quality of products

handled. These divisions also work on business activities related to the stable supply of drugs by, for example, ensuring appropriate manufacturing control and quality control and working to manage market shipments. Pharmacovigilance activities consisting of the collection and evaluation of information from a wide range of sources such as reports from medical institutions, information from scientific literature and societies is used to inform necessary measures. In addition to traditional aggregation and evaluation, our RA, QA and PV divisions have also started using medical information databases in their pharmacovigilance and safety evaluation activities. These divisions support business activities by ensuring the reliability of products through such quality and safety management activities.

Sales and Information Provision Activities

Appropriate Information Provision Activities

Pharmaceuticals achieve the desired effects only when used correctly. Pharmaceutical companies are required to provide healthcare professionals with accurate information about pharmaceuticals quickly, to collect and evaluate information about efficacy, safety and adverse drug reactions from doctors who have prescribed them and relay this information back to healthcare professionals. We are working to expand and enhance activities for the provision of information to healthcare professionals by combining information provision activities by medical representatives with medical and pharma seminars and digital marketing (dissemination of information about prescription drugs online, webinars and other digital marketing tools).

We also aim to contribute to the treatment of patients by using AI to provide information that meets the needs of healthcare professionals.

Four Targeted Areas

Above all, we are currently putting effort into new drugs, concentrating our resources on four targeted areas: cardiovascular medicine, especially treatments for lifestyle diseases such as hyperlipidemia, hypertension, and hyperuricemia; gastroenterology, including treatments for ulcerative colitis and chronic constipation; obstetrics and gynecology, including treatments for endometriosis and dysmenorrhea, and pregnancy test kits; and psychiatry, with emphasis on treatments for depression and social anxiety disorder.

Cardiovascular medicine

Urece[®], a selective urate reabsorption inhibitor (SURI) released in 2020, is a therapeutic agent for gout and hyperuricemia. *Urece*[®] is expected to be more efficient at lowering serum uric acid levels than existing uricosuric agents because it selectively inhibits URAT1, a transporter

Product Name	International Nonproprietary Name (INN)	Main Indications
	Epadel EM icosapent	Hyperlipidemia
	Epadel icosapent	Arteriosclerosis obliterans, Hyperlipidemia (World's first high purity EPA drug)
	Atelec [®] cilnidipine	Hypertension
	Atedio [®] valsartan/cilnidipine	Hypertension
	Urece [®] dotinurad	Gout and hyperuricemia
	Treprost [®] treprostinil	Pulmonary arterial hypertension (PAH)

presents in the proximal tubules of the human kidney which promotes the reabsorption of uric acid, whilst having a small effect on other transporters.

We are also making our presence felt in the cardiovascular field as a leading manufacturer of highly purified EPA drugs. In addition to *Epadel Capsules 300* and *Epadel S*, treatments for hyperlipidemia and arteriosclerosis obliterans, a high-purity EPA drug, which, through various mechanisms, slows atherosclerotic plaque progression, we launched *Epadel EM*, a new self-emulsifying formulation of Epadel, which can be given in a single daily dose, in 2022. In 2023, we launched an inhaled formulation of *Treprost*[®], a therapeutic agent for the rare disorder pulmonary arterial hypertension, as an additional option to the injection that is already available. Through these and other products such as *Atelec*[®] and *Atedio*[®], which are antihypertensive agents, we aim to increase our involvement in cardiovascular area.

Gastroenterology

In the gastroenterology field, we are focusing on *Lialda*[®], *Omvoh*[®] and *Cortiment*[®], all treatments for ulcerative colitis, and *Goofice*[®] and *Movicol*[®], both treatments for chronic constipation.

The treatment of ulcerative colitis

Launched in 2016, *Lialda*[®] is a drug delivery system (DDS) formulation of mesalazine for oral administration. It is designed to continuously release the active ingredient mesalazine to and throughout the colon. Approved as a once-daily oral therapeutic agent in both active and remission phases of ulcerative colitis and efficacious, *Lialda*[®] improves patient adherence and has been well received by gastroenterologists who treat ulcerative colitis. Launched in 2023, *Cortiment*[®] is an oral drug delivery system (DDS) formulation with budesonide, a locally acting steroid, as the active ingredient. It is designed to achieve colon-specific delivery of budesonide and sustained release of budesonide to the colon. Also Launched in 2023, *Omvoh*[®] is the world's first anti-IL-23p19 monoclonal

antibody to be used for the treatment of ulcerative colitis. *Omvoh*[®] alleviates symptoms by binding to the p19 subunit of the inflammatory human IL-23 cytokine and blocking the action of IL-23. It is used as an induction and maintenance therapy in patients with moderate to severe ulcerative colitis who have an inadequate response to conventional therapy or therapies.

With a lineup consisting of *Lialda*[®], *Cortiment*[®], *Omvoh*[®] and the biosimilar *Adalimumab BS MA*, Mochida Pharmaceutical has products to treat all degrees of ulcerative colitis, from mild to severe cases. We also provide products that can help doctors diagnose and monitor the condition such as Calprotectin MOCHIDA, an in-vitro diagnostic agent. We are committed to helping improve patient QOL by proposing prescription according to symptoms and severity and increasing treatment options for ulcerative colitis.

The treatment of Chronic Constipation

Launched in 2018, *Goofice*[®] is the world's first bile acid transporter inhibitor, indicated for the treatment of chronic constipation. *Goofice*[®] inhibits the bile acid transporter that regulates reabsorption of bile acids thereby increasing the flow of bile acids to the colon. The dual action of moisture secretion and bowel movement promotion enhances natural defecation. Other advantages include that *Goofice*[®] is administered once daily and the dosage may be adjusted according to patient symptoms. Also launched in 2018, *Movicol*[®] is a polyethylene glycol preparation indicated for treatment of chronic constipation. The drug increases the moisture in the stool thereby raising the volume of stool to promote defecation. Overseas, *Movicol*[®] has been widely used in both children and adults.

Magnesium oxide is the standard treatment for constipation; however, by providing *Goofice*[®], with its novel mechanism of action and convenient administration, and *Movicol*[®], a drug widely used globally, we will broaden treatment options for patients with chronic constipation and help improve patients' QOL.

Treatments for ulcerative colitis



Treatments for chronic constipation



Obstetrics and Gynecology

Mochida Pharmaceutical has made available an array of products related to women's health, ranging from hormone preparations for women, pharmaceuticals and diagnostic tests related to pregnancy and childbirth, pharmaceuticals for infertility, and treatments for endometriosis and osteoporosis. We are currently engaged in information provision activities, focusing on *Dinagest*, indicated for endometriosis, the reduction of pain caused by adenomyosis, and dysmenorrhea. Additionally, we are working to provide women with comprehensive health support at every stage of their lives by proposing use of our products to treat constipation and depression which negatively affect women's QOL. *Dinagest* was launched as treatment for endometriosis in 2008. In 2016, we obtained approval for the additional indication of reduction of pain caused by adenomyosis, offering a treatment option for adenomyosis for the first time. In 2020, we launched *Dinagest Tablets 0.5mg* specifically for dysmenorrhea, helping improve the QOL of patients suffering from dysmenorrhea. Also, at the request of the Japan Society of Obstetrics and Gynecology, we also offer the *Heparin Calcium Subcutaneous Injection MOCHIDA*, enabling patients undergoing fertility treatment to administer injections themselves at home. We will continue making our presence felt in the obstetrics and gynecology field by contributing more widely to women's health.



Dinagest
dienogest

Endometriosis, Pain caused
by adenomyosis, Dysmenorrhea



Heparin Calcium
Subcutaneous
Injection MOCHIDA
heparin calcium

Thromboembolism, infertility

Gonacard W
hCG

hCG Pregnancy test kit

Psychiatry

Lexapro® is a selective serotonin reuptake inhibitor (SSRI), which we launched as an antidepressant in 2011. The treatment received the approval of an additional indication, social anxiety disorder, in 2015. *Lexapro*® increases levels of serotonin in the brain by selectively inhibiting the reuptake of serotonin. This improves the transmission of messages between neurons, alleviating depression and reducing anxiety. With *Lexapro*® and other products such as *Tecipul*, a tetracyclic antidepressant, and *Grandaxin*, an autonomic nerve regulator, we are working to improve the QOL of patients in the psychiatric field.



Lexapro®
escitalopram

Depression and depressive symptoms, Social anxiety disorder

Generic Drugs

Mochida Pharmaceutical Group is working on the generic drug business, focusing on lines with strong business potential such as authorized generic drugs and biosimilars in cooperation with Mochida Pharmaceutical Sales Co., Ltd. and other business partners. Mochida Pharmaceutical Sales Co., Ltd. ("MPS") is the company which handles generic drugs within the Group.

In its activities associated with generics, MPS focuses on quality assurance, post-marketing surveillance, and information provision, and also gives consideration to the prevention of medical errors, the safety of healthcare professionals, and improvement of patient adherence. Going forward, MPS will continue to play a central role in developing and providing generic drugs which meet the needs of patients and healthcare professionals.



Authorized generic in the obstetrics
and gynecology field



Teriparatide BS MOCHIDA

Biomaterials Business

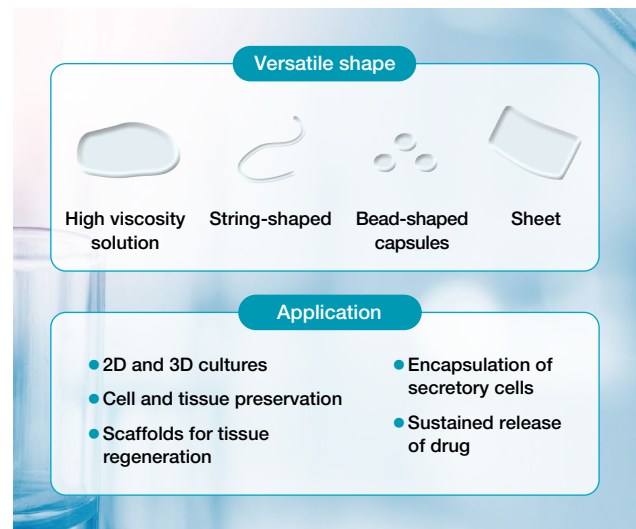
In addition to the current mainstay pharmaceutical and healthcare businesses, we are focusing on the biomaterials business, which is positioned as one of the pillars of the next generation. In particular, we are promoting and developing various projects in the biomaterials business based on alginate, which has numerous potential applications in the medical and biotechnological field.

Sodium alginate is a high polymeric substance derived from brown algae. It has the property of forming a gel and can be processed into various forms and hardness through control of the gelation process. Possible applications of alginate in the biotechnological and medical fields include 2D and 3D culture, cell and tissue preservation, scaffolds for tissue regeneration, encapsulation of secretory cells, and sustained release of drugs. We are working on various medical applications of endotoxin-free sodium alginate that can be used in living organisms.

Looking at our development pipelines, we obtained 510(k) clearance in the US for *ReFeel*®, a material that supports nerve regeneration. Preparations for the launch of *ReFeel*® are now underway. We are currently in the process of applying for manufacturing and marketing approval for the cartilage repair material dMD-001.

We are also working on the development of intervertebral disc tissue restorative materials using alginate

gelation technology in the affected area and tissue adhesion prevention materials for tissue resection using alginate sheets. We are also examining the feasibility of alginate-based pharmaceutical materials such as alginate fibers for antibody production*¹ and alginate pancreatic islet capsules*².



*1 Alginate fibers which are embedded with antibody-producing cells and used to improve antibody productivity

*2 Pancreatic islets encapsulated in alginate capsules used for implantation in type-1 diabetic patients

[Medical Device]

(As of August 2, 2024)

Development code or Product name	Stage				Intended use or indications	Remarks
	Therapeutic exploratory study	Therapeutic confirmatory study	Filed	Approved/Clearance*		
dMD-001	<div></div>				Articular cartilage lesion	Sodium alginate <Medical device composed of a sodium alginate solution and a calcium chloride solution for turning the alginate into a gel>
dMD-002	<div></div>				Cavernous nerve injury	Alginate sheet <Sheet material obtained by covering both sides of a polyglycolic acid nonwoven fabric with freeze-dried sodium alginate>
dMD-003	<div></div>				Post-operative adhesion	Alginate sheet <Alginate processed into a sheet-like material to promote adhesion (does not include polyglycolic acid nonwoven fabric)>
ReFeel®	<div></div>				Peripheral nerve injury	Alginate sheet Development country: U.S. * Obtained 510(k) clearance <Medical device consisting of a sheet material obtained by covering both sides of a polyglycolic acid nonwoven fabric with freeze-dried sodium alginate (same composition as dMD-002)>

The Cartilage Repair Material dMD-001

dMD-001 is a medical device composed of a sodium alginate solution and a calcium chloride solution for turning the alginate into a gel. Implantation of this product at the site of an articular cartilage injury is believed to promote the repair of the damaged articular cartilage by keeping the patient's own stem cells at the injury site. The implanted alginate gel then degrades and disappears.

This product can be used to treat articular cartilage injuries as a result of sports injuries, traffic accidents or overuse. Articular cartilage is the tissue that covers the ends of bones where they come together to form joints such as the knee or elbow. It acts like a cushion and lubricates the movement of the joints. Articular cartilage injuries occur when the cartilage is damaged due to a sports injury or other cause and they significantly affect the QOL of patients, leading to painful symptoms and making it difficult to do everyday activities. Articular cartilage injuries typically do not heal on their own and are often treated with surgery that implants cartilage from the patient into the injury site; however, this can be problematic, requiring the removal of healthy cartilage that is the same size as the injury site, which can be stressful for the patient.

The capability and safety of this product was confirmed through clinical trials in patients with articular cartilage defects of the knee or elbow. The results of these trials were then used to apply for manufacturing and marketing approval in 2023.

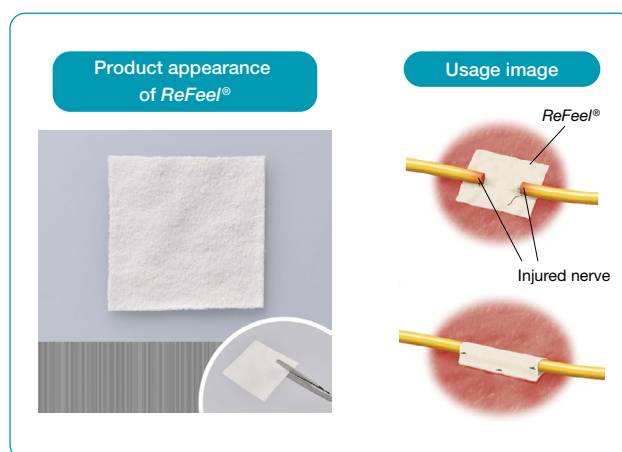
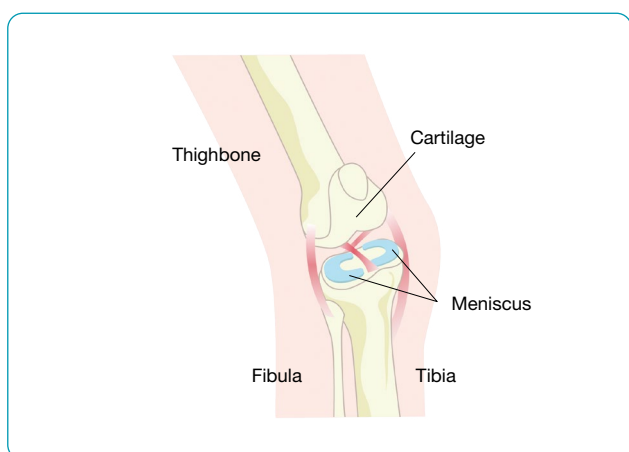
ReFeel[®], a Material that Supports Nerve Regeneration

ReFeel[®] is a medical device that is a sheet material composed of sodium alginate and polyglycolic acid nonwoven fabric. The sheet material is obtained by covering both sides of a polyglycolic acid nonwoven fabric with lyophilized sodium alginate. Sodium alginate creates an environment favorable to nerve regeneration in the damaged nerve site, supporting the repair and regeneration of nerves. The polyglycolic acid nonwoven fabric ensures the flexibility and strength of the sheet material during use. When grafted between the ends of a torn or damaged nerve, this product supports nerve regeneration. Furthermore, this product ultimately degrades completely, leaving only the regenerated nerve tissue.

This product can be used to treat peripheral nerve injuries as a result of sports injuries, traffic accidents or overuse. In the US, around 200,000 peripheral nerve repair procedures are performed annually^{*3}. A 510 (k) submission^{*4} was made to the US Food and Drug Administration (FDA) in 2023 and 510 (k) clearance was obtained in 2024. In Japan, development of dMD-002, a sheet material with the same composition as ReFeel[®], is underway for the treatment of cavernous nerve injury.

^{*3} Global Nerve Repair Biomaterial Market Insights, Forecast to 2025 (QYResearch, 2018)

^{*4} 510(k) is a submission process required to obtain marketing approval for Class II medical devices in the US



Healthcare Business

As a member of Mochida Pharmaceutical Group, Mochida Healthcare Co., Ltd. (MHC) has developed high value-added skin care products under the motto “farsighted, innovative research.” We will continue developing innovative products using the capabilities we have fostered through the development of pharmaceuticals.

Main Activities

Our main activities in the healthcare business are the development, production, distribution and sales, providing scientific information and marketing of skincare products.

Development

In order to deliver skin care products that are both low irritating and functioning based on dermatology, MHC gains an understanding of needs through communication with physicians, pharmacists, and nurses and develops products supported by clinical trial data conducted by dermatologists. MHC is committed to developing products that make an impression on customers, striving for “Japan first” products, unique products in Japan, and “No.1” products, rather than run-of-the-mill products that can be found anywhere.

Production

To deliver high quality products, MHC manufactures its products based on a strict quality control system, mainly at the Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd. When manufacturing products, MHC is constantly aware of the need to maintain a stable supply of products and the need to reassess manufacturing practices, including raw materials and containers, in light of environmental concerns.

Distribution and Sales

Precisely because MHC’s products have been developed through close collaboration with dermatologists, MHC wants its products to be recommended by experts at the point of sale. With this in mind, MHC gives top priority to pharmacies and drug stores which have pharmacists and beauty advisors working at them. MHC puts effort not only into store sales but also into mail order sales, aiming to make its products widely available to customers with sensitive skin and other skin problems. Going forward, MHC aims to raise awareness of its skincare products among care facilities, etc. in the hope of being able to contribute to skincare in the care domain.

Scientific Information

MHC has established a free call and email based counselling service, which customers can use to make inquiries about products and skincare regimes or give feedback directly. MHC also provides scientific information about products to hospitals, pharmacies, and drug stores.

Marketing

MHC strives to gain an understanding of skincare-related consumer trends and market conditions through paper-based and online surveys, and other means. Taking the feedback and requests of people suffering with skin problems and sensitive skin seriously, MHC also engages in information provision and promotional activities to ensure that information about its products and skincare is readily available.



Collage Repair series



Collage B.K. Age series



Collage Soap series



Collage D Medi Power series

Major Skin Care Product Lines

■ Mochida Healthcare products
<https://hc.mochida.co.jp/products/>



Major skin care product lines include the *Collage* series, which provides total skin care for sensitive skin, the *Collage Furfur* series developed from skin research, which are the first haircare and bodycare products in Japan to contain an antimycotic (antifungal) agent, *Skina Babe*, which is the first skin care product that babies experience, and the *Skina* series of easy hygiene products for the bedridden.

Total skin care for sensitive skin *Collage* series

Focusing on low-irritating, fragrance-free, color-free products for delicate skin, we provide dermatological skin care products as a pioneer of skin care products for sensitive skin.

Focusing on sensitive skin for half a century, MHC now offers gentle, high-performance basic skin care products such as the *Collage Repair* series, which, through “far-sighted care^{*1}” and “routine care^{*2},” achieves “sensitive skin management^{*3},” and the *Collage B.K. Age* series for those with “sensitive, dry aging skin^{*4},” which provides “anti-aging skincare^{*5}.”

MHC also has an extensive line-up of products to cater for different customer lifestyles and needs, including the *Collage Soap* series of nonirritating soap formulated for each specific skin type and use, and *Collage D Medi Power* series of moisturizing products for dry skin (including people with atopic eczema).

Haircare and bodycare products containing antimycotic (antifungal) agent

Collage Furfur series

Collage Furfur, Japan’s first medicated shampoo containing an antimycotic (antifungal) agent (miconazole nitrate), was developed based on the novel concept of caring for the scalp, given that dandruff is triggered by the growth of fungus on the scalp. MHC currently offers a lineup of hair care products containing an antimycotics for different scalp problems, offering *Collage Furfur Next* Shampoo and Rinse for dandruff or an itchy scalp, *Collage Furfur Premium Shampoo* for scalp odor, and *Collage Furfur Scalp Shampoo* for excess sebum. Meanwhile,

MHC provides *Collage Furfur Soap*, a bodywash containing antimycotic ingredients, for those suffering from skin problems, *Collage Furfur Foam Soap*^{*6}, a medicated foaming facial wash containing both antimycotic and antimicrobial ingredients for those suffering from acne and breakouts, *Collage Furfur Hair Growth* series^{*7} containing a female hormone^{*8} for women worried about hair thinning and hair loss, and *Collage Furfur Barrier Cream*^{*7} for preventative skincare for those wearing diapers to protect the skin from moisture, soiling and other irritants.

The first skincare babies experience *Skina Babe* series

Skina Babe bath lotion for babies was developed in response to calls from obstetricians and gynecologists for a less slippery, safer bath lotion for washing babies without using soap.

Today, more than 50 years after its launch, *Skina Babe* still enjoys wide popularity. In 2018, we launched *Skina Babe Milky Lotion*, which protects the skin from birth by providing very rich moisture.

Easy hygiene products for the bedridden *Skina* series

The *Skina* series is a series of hygiene products for those who are bedridden either in hospital or at home. We developed hygiene products for washing the skin without water in 1970, after listening to nurses working on hospital wards.

MHC offers an extensive line-up of products for different scenarios, including products that can be used on the whole body or on a local area of the body, as well as dry shampoo.

^{*1} A daily skin care regimen to prevent skin roughness and dryness (applies to quasi-drugs only)

^{*2} Routine skin care, usually morning and night

^{*3} A consistent skincare regimen for sensitive, dry skin

^{*4} Aging skin with a tendency to become dry and sensitive

^{*5} Age-appropriate moisturizing and skin care regimen

^{*6} Contains an antimycotic ingredient and antimicrobial ingredient isopropyl methylphenol

^{*7} Does not contain an antimycotics

^{*8} Ethinylestradiol



Collage Furfur series

Skina Babe series

Skina series

Basic Policy on Corporate Governance

Mochida Pharmaceutical strives to increase Mochida Pharmaceutical Group's corporate value by placing the fulfillment of corporate governance and the reinforcement of compliance at the axis of Group management, to better respond to our stakeholders' trust and expectations.

As part of Mochida Pharmaceutical Group policy on reinforcing corporate governance, important management decisions are discussed thoroughly by the Management Policy Meeting, if necessary, and are then made through discussion by the Board of Executive Managing Officers and the Board of Group Management, both of which meet on a weekly basis. Mochida Pharmaceutical's Board of Directors includes Outside Directors, and the executive officer system has also been introduced to clearly separate the functions of the Board of Directors into management decision-making and the supervision of business operations so as to expedite management decision-making and business operations. For the purpose of strengthening objectivity and accountability for the nomination of

Members of the Board, Executive Officers and Audit & Supervisory Board Members and for the determination of remuneration for Members of the Board and Executive Officers, Mochida Pharmaceutical has established the Nomination and Compensation Advisory Committee, a majority of which comprises Outside Directors, as a voluntary advisory body to Representative Directors, and our corporate decisions on such nomination and compensation are made in light of the opinions of said Committee.

In addition, our corporate governance report, which sets out our basic views on internal control systems, compliance, actions taken to address sustainability issues, explanations of the audit function and other matters, is posted on our website.

■ Corporate Governance Report
https://www.mochida.co.jp/ir/corporate_governance.html



Corporate Governance Structure

Overview of the Corporate Governance System

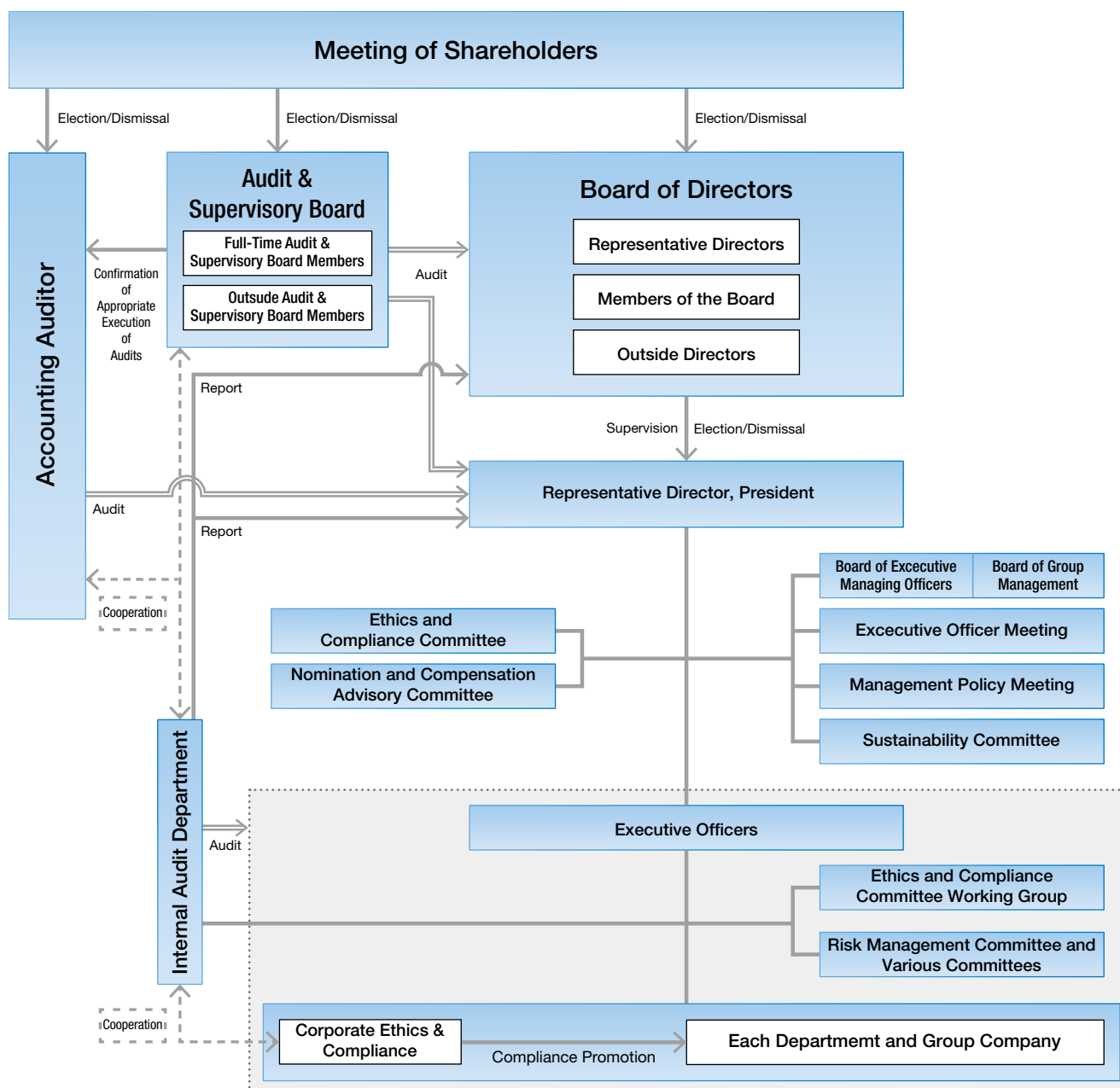
Mochida Pharmaceutical Group has the Board of Directors and the Audit & Supervisory Board as corporate organizations under the Companies Act. The Board of Directors is composed of 11 Members of the Board, including four Outside Directors. The Audit & Supervisory Board is composed of five Audit & Supervisory Board Members, including three Outside Audit & Supervisory Board Members. As reasons for adopting the current corporate governance structure, considering Mochida Pharmaceutical's size and business nature, we judge that

at this point in time, the most suitable governance structure to pursue management efficiency and to ensure the appropriate function of checking the management simultaneously requires: (1) management decision-making by the Board of Directors with a reasonable number of members, comprising inside Members of the Board with thorough knowledge of Mochida Pharmaceutical and its business and Outside Directors with abundant knowledge and experience in specialized fields, and (2) a system for checking the management by Audit & Supervisory Board Members including Outside Audit & Supervisory Board Members.

[Number of Directors / Audit & Supervisory Board Members]

	FY2020	FY2021	FY2022	FY2023	FY2024
Total number of Directors	10	10	10	11	11
Outside Audit & Supervisory Board Members	2	3 (including 1 woman)	3 (including 1 woman)	4 (including 1 woman)	4 (including 1 woman)
Total number of Audit & Supervisory Board Members	5	5	5	5	5
Outside Audit & Supervisory Board Members	3 (including 1 woman)	3 (including 1 woman)	3 (including 1 woman)	3 (including 1 woman)	3 (including 1 woman)

[Corporate Governance Structure]



The Board of Directors

Roles of the Board of Directors

The Board of Directors deliberates and determines important matters in accordance with the standards for Board Meeting agenda.

An ordinary meeting of the Board of Directors is held once per month, and an extraordinary meeting of the Board of Directors is held as necessary. In FY2023, 14 meetings of the Board of Directors were held, and decisions on important matters that require management's judgment were made in an appropriate manner. Attendance rate of Members of the Board including Outside Directors was 98%.

Composition of the Board of Directors

The Board of Directors comprises 7 Members of the Board and 4 Outside Directors, making a total of 11 members. In addition, meetings of the Board of Directors are attended by two Full-time Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members, making a total of five Audit & Supervisory Board Members.

Appointment policy of Directors

Mochida Pharmaceutical's policy for the selection of Directors is to appoint individuals with suitable and sufficient qualities to be part of the company's management team. In addition, candidates for Internal Directors must have extensive experience, knowledge and

ability in the Company's business areas and functions, and candidates for Outside Directors must have no special interest in the Company while having extensive knowledge, experience and ability in corporate management, legal affairs or another specialist area and they must be individuals who can be expected to incorporate deep management insights into the company's management.

Specific matters considered at Board of Directors' meetings

Main agenda items include proposals for the general meeting of shareholders, important personnel changes and organizational changes, establishment, revision and abolition of important internal regulations, acquisition and cancellation of own shares, medium-term and single-year management and business plans (including state of progress), sustainability initiatives (including status of activities), evaluation of effectiveness of Board of Directors, risk management and compliance structure, and disposition of important property.

Major matters deliberated in FY2023

- Signing of an agreement concerning marketing rights for *Epadel* in China with Meiji Seika Pharma Co., Ltd.
- Filing of 510 (k) in the US for *ReFeel*®, a medical device that supports nerve regeneration
- Reorganization in anticipation of overseas expansion (establishment of International Business Development Department)

The Audit & Supervisory Board

Roles of the Audit & Supervisory Board

The Audit & Supervisory Board is responsible for making decisions on audit policies and audit plans, reviewing the status of audits by the Accounting Auditor, carrying out procedures for evaluating, appointing and dismissing the

Accounting Auditor, preparing reports on the status of audits by full-time Audit & Supervisory Board members and audit reports, and studying proposals and documents to be submitted to the General Meeting of Shareholders. An ordinary meeting of the Audit & Supervisory Board is held every month and an extraordinary meeting is held as necessary.

In FY2023, 16 meetings of the Audit & Supervisory Board were held, and the attendance rate of Audit & Supervisory Board members, including Outside Audit & Supervisory Board Members was 100%.

Composition of the Audit & Supervisory Board

The Audit & Supervisory Board comprises two Full-time Audit & Supervisory Board Members and three Outside Audit & Supervisory Board Members, making a total of five members. One of the Full-time Audit & Supervisory Board Members has many years' experience of accounting operations in our Accounting Department. One of the Outside Audit & Supervisory Board Members is a qualified Certified Public Accountant and possesses a considerable degree of knowledge about finance and accounting.

Appointment policy of the Audit & Supervisory Board

Mochida Pharmaceutical's policy for the selection of Audit & Supervisory Board Members is to appoint individuals with suitable and sufficient qualities to be part of the company's audit team. In addition, candidates for Outside Audit & Supervisory Board Members must have no interest in the company while having a considerable degree of knowledge and experience of finance and accounting or extensive knowledge and experience of corporate management, legal affairs or another specialist area, and they must be individuals who can be expected to incorporate deep management insights into the company's management.

[Details of main meetings in FY2023]

Meeting	Members	Contents	Remarks
Board of Executive Managing Officers	Representative Directors, and Directors and Executive Officers	Held preliminary discussions on matters to be resolved by the Board of Directors, and discussed other important matters related to management which the Representative Directors are authorized to decide.	Held 52 meetings
Board of Group Management	Representative Directors, Directors and Executive Officers, and Presidents of Mochida Pharmaceutical Plant Co., Ltd. and Mochida Healthcare Co., Ltd.	Discussed important matters related to the management of each Group company	Held 27 meetings
Ethics and Compliance Committee	4 Members of the Board (including 1 Outside Director), 2 Audit & Supervisory Board Members (including 1 Outside Audit & Supervisory Board Member) and 1 outside expert	Conducted internal checks and deliberated issues	Held 1 meeting
Nomination and Compensation Advisory Committee	3 Members of the Board (including 2 Outside Directors)	Considered proposals for the appointment and dismissing of the management team, the nomination of officer candidates, and compensation for the management team and Directors ahead of decisions by the relevant organizations	Held 3 meetings Attendance rate of Members of the Board including Outside Directors was 100%.
Management Policy Meetings	Representative Directors, and Directors and Executive Officers	Discussed specific measures to be implemented by each department to address important management-related matters	Held 112 meetings
Executive Officer Meeting	Representative Director & President and Executive Officers	Shared reports and information about business execution	Held 12 meetings
Sustainability Committee	5 Directors, 2 Managing Executive Officers	Considered action taken to address sustainability issues	Held 3 meetings

[Main Expertise and Careers of Members of the Board and Audit & Supervisory Board Members]

	Position	Name	Attendance at meetings of Board of Directors / Audit & Supervisory Board (shown in right column)		Skills							
					Corporate Management	Research and Development	Business Strategy, Marketing	International Experience	IT	Finance, Accounting	Legal Affairs, Compliance	Certification
Members of the Board	Representative Director, President	Naoyuki Mochida	14/14		●		●	●		●		
	Representative Director, Vice President	Chu Sakata	14/14		●		●	●	●	●	●	
	Member of the Board	Keiichi Sagisaka	14/14			●						Pharmacist
	Member of the Board	Junichi Sakaki	14/14		●	●	●					Pharmacist
	Member of the Board	Yutaka Kawakami	14/14		●							Pharmacist
	Member of the Board	Motoi Mitsuishi	12/12		●	●	●	●	●	●		Attorney in the State of New York, U.S.A.
	Member of the Board	Junichi Nezu	—		●		●					Pharmacist
	Outside Director	Tomoo Kugisawa	13/14				●			●		Attorney - at - law
	Outside Director	Tomoaki Sonoda	14/14		●		●		●			Certified public accountant
	Outside Director	Shigeaki Yoshikawa	12/12		●	●	●			●		
	Outside Director	Mami Kobayashi	—		●	●	●	●				
Audit & Supervisory Board Members	Full - time Audit & Supervisory Board Member	Yoshiharu Hashimoto	12/12 *As a Director 2/2	11/11			●	●	●	●	●	
	Full - time Audit & Supervisory Board Member	Masayoshi Takeda	14/14	16/16						●		
	Outside Audit & Supervisory Board Member	Kyosuke Wagai	14/14	16/16					●	●		Certified public accountant
	Outside Audit & Supervisory Board Member	Akiko Suzuki	14/14	16/16				●			●	Attorney - at - law
	Outside Audit & Supervisory Board Member	Yoshifumi Miyata	14/14	16/16	●			●		●		

FY2023 Attendance

- Yoshiharu Hashimoto retired as Director and became a Full - time Audit & Supervisory Board Member as of the closing of the Annual General Meeting of Shareholders held on June 29, 2023.
- The difference in the number of meetings is attributable to a difference in time in office.

Skills

- The table shows knowledge, experience and other skills considered to be especially important in light of the company's management environment and business characteristics.
- The list above does not cover all the experience, knowledge, and capability, etc., of each Member of the Board of the Company and each Audit & Supervisory Board Member / candidate.

Analysis and Evaluation of the Effectiveness of the Board of Directors

Every year, Mochida Pharmaceutical conducts a survey targeting all Members of the Board and all Audit & Supervisory Board Members including Outside Directors and Outside Audit & Supervisory Board Members and the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors as a whole based on the survey results.

The results of the surveys targeting Audit & Supervisory Board Members are used as reference.

Results of analysis and evaluation in FY2023 confirmed that the Board of Directors functioned effectively. Mochida Pharmaceutical will continue making improvements to maintain and increase the effectiveness of the Board of Directors, such as sharing information and otherwise developing an environment to enable Outside Directors to fulfil their expected roles and holding more substantive discussions on the direction of management including corporate strategy.

Training of Directors and Audit & Supervisory Board Members

Mochida Pharmaceutical provides newly appointed Directors with explanations about their roles and responsibilities as officers, including the Group's corporate governance structure and the company's important regulations, and also provides them with opportunities for training delivered by outside organizations at the company's own expense as necessary. After assuming post, Directors are provided with training sessions on developments in the pharmaceutical industry and business-related topics that might be useful for the execution of their duties. Audit & Supervisory Board Members are provided with training in the same way as Directors. The content of training is determined by the Audit & Supervisory Board.

Supporting System for Outside Directors and Audit & Supervisory Board Members

Outside Directors are supported in a variety of ways, including the enhancement of materials for meetings of the Board of Directors, the distribution of materials ahead of meetings of the Board of Directors, and the explanation of proposals prior to meetings.

Outside Audit & Supervisory Board members are also supported through the enhancement of materials for meetings of the Board of Directors and Audit & Supervisory Board, the distribution of materials ahead of meetings of the Board of Directors and Audit & Supervisory Board, and the explanation of proposals prior to meetings. The company has also appointed two full-time members of staff to assist Audit & Supervisory Board Members in their duties and serve as the Secretariat of the Audit & Supervisory Board.

Message from Outside Director

Tomoaki Sonoda, Outside Director



Since becoming an Outside Director of Mochida Pharmaceutical in June 2022, I have been actively involved in discussions at meetings of the Board of Directors. I have been given various opportunities to learn more about the company such as explanatory meetings ahead of meetings of the Board of Directors, discussions with the audit corporation, and meetings to exchange opinions with Audit & Supervisory Board Members, and I have increased my understanding of the company as an Outside Director. In addition to the opportunities provided by the company, I have also conducted hearings during visits to Group companies such as Mochida Healthcare and other organizations which I made on my own initiative. I have also sought to gain a better understanding of the role expected of an Outside Director by taking part in training on the theme of Outside Directors as part of Continuing Professional Development (CPD) for Certified Public Accountants.

Mochida Pharmaceutical's four Outside Directors each have different expertise. Since I studied management accounting at university, the questions I ask and the comments I make at meetings of the Board of Directors are mainly from an accounting perspective, for example, checking why amounts in the financial statements are different from past fiscal years and also questioning the impact that individual account items explained as agenda items at meetings of the Board of Directors will have on profits or the recoverability of investments. Being an organization where all the company's extremely conscientious employees find it easy to work and experience job satisfaction is also a matter that interests me.

In addition to the current mainstay pharmaceutical and healthcare businesses, the company is also pursuing and expanding the biomaterials business as one of the pillars of the next generation. To ensure aggressive business expansion alongside verification of the validity of decision-making in a challenging phase that will include the development and sale of new products and the entry into overseas markets, I intend to fulfil my management supervisory function as an Outside Director and contribute to the further development of the company.

Officers' Compensation

Directors

Mochida Pharmaceutical has set a total amount of compensation, etc. for Members of the Board approved at a General Meeting of Shareholders, and the decision (approved by the meeting of the Board of Directors on June 29, 2021) on the policy for determining the details of compensation, etc. of individual Members of the Board (hereinafter, the “determination policy”) was made based on the opinion of the Nomination and Compensation Advisory Committee, which is made up of a majority of independent Outside Directors, in order to ensure fairness and transparency. Mochida Pharmaceutical has decided (by resolution of the Board of Directors) to delegate matters such as the monthly compensation of individual Members of the Board, and the payment timing, payment method and individual amounts of bonuses, etc. to the Representative Directors (President and Vice President) to decide through discussion, taking the determination policy and opinion of the Nomination and Compensation Advisory Committee into consideration. These matters were delegated to the Representative Directors based on the judgment that the Representative Directors are the right people to determine the details of individual compensation, etc. by evaluating contribution of Members of the Board and wider performance, while taking into account the performance of the Group as a whole.

Compensation for Members of the Board consists of fixed monthly compensation and bonuses, which are performance-based. The percentages of fixed compensation (monthly compensation) and performance-based compensation (bonus) have been set at a level the company deems appropriate in order to incentivize Members of the Board to strive for improvement in corporate value.

Fixed compensation (monthly compensation) is a predetermined amount of base compensation plus an additional amount based on the position or skills etc. of Members of the Board and it is paid on a monthly basis.

Performance-based compensation (bonus) is an amount based on monthly compensation adjusted to reflect a comprehensive evaluation of the company's key performance indicators (consolidated net income and consolidated operating income; hereinafter “consolidated results”) as well as the contribution of each Members of the Board. More specifically, two separate bonuses are paid: the winter bonus, which is calculated based on the monthly

compensation, and the summer bonus, which is the amount calculated based on monthly compensation adjusted to reflect the consolidated results and individual performance.

Such consolidated results are evaluated by the consolidated results for the relevant fiscal year in comparison with past consolidated results including the consolidated results for the previous fiscal year.

The compensation of Outside Directors consists of fixed monthly compensation.

In addition, a fixed amount of the monthly compensation determined according to each position of Members of the Board is paid as stock-based compensation through contribution to a shareholders' association for Members of the Board and Audit & Supervisory Board Members and continuous acquisition of the Company's shares. Members of the Board are generally required to hold such acquired shares throughout their term of office.

Audit & Supervisory Board Members

Mochida Pharmaceutical has set a total amount of compensation, etc. for Audit & Supervisory Board Members approved at a General Meeting of Shareholders and allocations to each Audit & Supervisory Board Member are determined through consultation between the Audit & Supervisory Board Members.

Compensation for Audit & Supervisory Board Members consists of fixed monthly compensation and bonuses, which are performance-based. The performance-based compensation (bonus) is determined based on the duties each Audit & Supervisory Board Member is expected to perform, considering the consolidated results and reflecting on the contribution of the particular Audit & Supervisory Board Member.

The compensation of Outside Audit & Supervisory Board Members consists of fixed monthly compensation.

In addition, a fixed amount of the monthly compensation is paid as stock-based compensation through contribution to a shareholders' association for Members of the Board and Audit & Supervisory Board Members Officers and continuous acquisition of the Company's shares. Audit & Supervisory Board Members are generally required to hold such acquired shares throughout their term of office.

The amount of compensation in FY2023 is as follows.

[Total amount of compensation, total amount of compensation for eligible Members of the Board and Audit & Supervisory Board Members by type and number]

Classification of Members of the Board/Audit & Supervisory Board Members	Total amount of compensation (millions of yen)	Total amount of compensation by type (millions of yen)			Number of eligible officers (persons)
		Fixed compensation	Performance-based compensation	Non-monetary compensation of the Performance-based compensation	
Members of the Board (excluding Outside Directors)	242	181	60	—	8
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	43	30	13	—	3
Outside Officers	52	52	—	—	7

Officers



Members of the Board

1 Representative Director, President Naoyuki Mochida

Apr. 1981 Joined the Company
May 1986 Earned an MBA from Indiana University in the U.S.
Apr. 1988 Joined Ajinomoto Co., Inc.
Apr. 1991 Joined the Company
Apr. 1996 General Manager, Head of the Clinical Development Planning Department
Apr. 1997 General Manager, Head of the Finance Department
Jun. 1997 Member of the Board
Jan. 1998 Senior Executive Managing Officer, Head of the Corporate Planning Department
Jan. 1999 Representative Director, President (to the present)
Apr. 2010 Vice-chairman of Mochida Memorial Foundation for Medical and Pharmaceutical Research
Jun. 2016 Chairman of Mochida Memorial Foundation for Medical and Pharmaceutical Research (to the present)

2 Representative Director, Senior Executive Vice President Chu Sakata

Apr. 1982 Joined the Mitsubishi Bank, Ltd.
May 2007 General Manager of Syndicated Finance Division and the Global Head of Syndication at the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)
Feb. 2009 Regional Head for the Middle East at BTMU
Jun. 2011 Advisor of the Company
Jun. 2011 Member of the Board, Executive Officer and Assistant Officer, Planning & Administration Division
Apr. 2012 Executive Officer and Assistant Officer, Planning & Administration, Head of Planning & Administration Division
Jun. 2012 Executive Officer, Planning & Administration, Head of Planning & Administration Division
Jun. 2013 Member of the Board, Executive Managing Officer
Jun. 2016 Representative Director, Senior Executive Managing Officer, Supervisor for Planning & Administration, Audits and Corporate Ethics
Jun. 2017 Assistant to President, Senior Executive Managing Officer, Operations in general (to the present)
Jun. 2021 Representative Director, Senior Executive Vice President (to the present)

3 Member of the Board, Senior Executive Managing Officer Keiichi Sagisaka

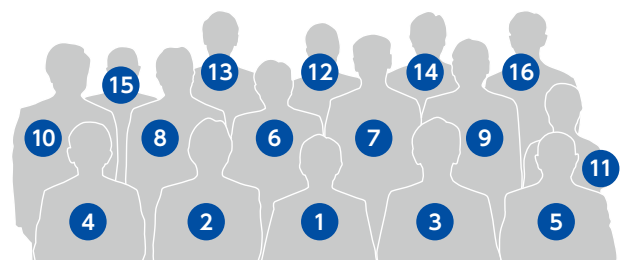
Apr. 1980 Joined the Company
Apr. 2003 Head of Metropolitan Branch Office
Apr. 2005 Head of Tokyo Branch Office
Jun. 2007 Executive Officer
Apr. 2008 Deputy Head of Pharmaceutical Business Division
Jun. 2009 Head of Pharmaceutical Business Division
Jun. 2010 Member of the Board, Executive Officer
Jun. 2013 Member of the Board, Executive Managing Officer, Pharmaceutical Business, Head of Pharmaceutical Business Division
Apr. 2015 Executive Managing Officer, Pharmaceutical Business
Jun. 2016 Member of the Board, Senior Executive Managing Officer (to the present)
Jun. 2021 Senior Executive Managing Officer, Pharmaceutical Business and Mochida Healthcare (to the present)

4 Member of the Board, Senior Executive Managing Officer Junichi Sakaki, Ph.D.

Mar. 1993 Joined Ciba-Geigy AG
Jul. 2005 General Manager, Research Strategy and Alliances at Novartis Pharma K.K.
Dec. 2006 Joined Banyu Pharmaceutical Co., Ltd.
Director, Chemistry Department, Tsukuba Research Laboratories
Jul. 2009 Joined the Company
General Manager, Head of Research Planning and Management Department
Apr. 2010 Head of Discovery Research
Jun. 2012 Executive Officer, Deputy Head of Business Development Division
Jun. 2014 Member of the Board, Executive Officer, Business Development
Jun. 2016 Member of the Board, Executive Managing Officer
Oct. 2018 Executive Managing Officer, Business Development and Biomaterials Business
Jun. 2021 Member of the Board, Senior Executive Managing Officer (to the present)
Jun. 2022 Senior Executive Managing Officer, Business Development, Supervisor for Biomaterials Business
Jan. 2023 Senior Executive Managing Officer, Business Development and Business Promotion, Supervisor for Biomaterials Business
Jun. 2023 Senior Executive Managing Officer, Business Development, Supervisor for Business Promotion and Biomaterials Business
Jun. 2024 Senior Executive Managing Officer, Supervisor for Business Development, Business Promotion and Biomaterials Business (to the present)

5 Member of the Board, Senior Executive Managing Officer Motoi Mitsuishi

Apr. 1987 Joined the Mitsubishi Bank, Ltd.
May 2012 Regional Head for Thailand, Bangkok Branch Manager at the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)
Jun. 2013 Executive Officer, Regional Head for Thailand, Bangkok Branch Manager at BTMU
Jul. 2015 Executive Officer, Deputy Head of Asia & Oceania Group (in charge of special projects), General Manager of Asia & Oceania Sales Division, Singapore Branch Manager at BTMU
May 2017 Managing Executive Officer, Head of Transaction Banking Group at BTMU
Jun. 2019 Representative Director, Deputy President at Mitsubishi UFJ Research and Consulting Co., Ltd.
Jun. 2020 Outside Corporate Auditor at the Nanto Bank, Ltd.
May 2023 Advisor of the Company
Jun. 2023 Member of the Board, Executive Managing Officer, Planning & Administration and Technonet, Head of Planning & Administration Division
Apr. 2024 Executive Managing Officer, Planning & Administration, Head of Planning & Administration Division (to the present)
Jun. 2024 Member of the Board, Senior Executive Managing Officer (to the present)



6 Member of the Board, Executive Managing Officer Yutaka Kawakami, Ph.D.

Apr. 1985 Joined Eisai Co., Ltd.
Apr. 1998 Joined Pfizer Japan, Inc.
Oct. 2003 Transferred to Office of Pharmaceutical Industry Research of Japan Pharmaceutical Manufacturers Association
Oct. 2005 Director of Clinical Submissions Department at Pfizer Japan Inc.
Dec. 2012 Joined the Company
Deputy Head of Clinical Research and Development Division
Jun. 2015 Executive Officer
Jun. 2017 Head of Clinical Research and Development Division
Apr. 2019 Head of RA, QA and PV Division
Jun. 2019 Member of the Board, Executive Officer, RA, QA and PV
Jun. 2022 Member of the Board, Executive Managing Officer (to the present)
Jun. 2024 Executive Managing Officer, RA, QA and PV, Supervisor for Mochida Pharmaceutical Plant (to the present)

7 Member of the Board, Executive Managing Officer Junichi Nezu, Ph.D.

Apr. 1991 Joined Chugai Pharmaceutical Co., Ltd.
Jul. 2012 Research Head, Chugai Pharmacology Research (Singapore)
Apr. 2018 General Manager of Participatory Research Division and General Manager of Drug Discovery and Pharmacology Department at Chugai Pharmaceutical Co., Ltd.
Apr. 2020 Executive Officer and General Manager of Research Division at Chugai Pharmaceutical Co., Ltd.
Jan. 2021 Executive Officer and General Manager of Project Lifecycle Management Unit R&D Portfolio Department at Chugai Pharmaceutical Co., Ltd.
Jul. 2023 Joined the Company
Aug. 2023 Executive Managing Officer, Research
Jun. 2024 Member of the Board, Executive Managing Officer Research, Pharmaceutical Development (to the present)

8 Outside Director Tomoo Kugisawa

Apr. 1987 Registered as an attorney-at-law (to the present)
Joined Tokyo Fuji Law Office
Apr. 1995 Partner at Tokyo Fuji Law Office
Apr. 2005 Professor at Omiya Law School
Jun. 2006 Outside Corporate Auditor at OG Corporation
Jun. 2012 Member of the Board of the Company (to the present)
Apr. 2019 Visiting professor at Chuo University Law School (to the present)
Jan. 2023 Representative at Tokyo Fuji Law Office (to the present)

9 Outside Director Tomoaki Sonoda

Apr. 2004 Certified public accountant (to the present)
Apr. 2006 Professor at Keio University Faculty of Business and Commerce (to the present)
Oct. 2009 Member of Contract Surveillance Committee, Ministry of Internal Affairs and Communications (to the present)
Apr. 2018 Visiting Professor at Musashino University (to the present)
Jan. 2020 Member of Third Bidding Surveillance Commission, Ministry of Finance (to the present)
Jun. 2022 Member of the Board of the Company (to the present)

10 Outside Director Shigeaki Yoshikawa

Apr. 1977 Joined Mitsubishi Corporation
Apr. 2008 Executive Officer, General Manager of Global Strategy & Coordination Department at Mitsubishi Corporation
Apr. 2010 Executive Officer, Chief Regional Officer for the Europe, Middle East and Africa CIS at Mitsubishi Corporation
Apr. 2013 Executive Vice President, Regional CEO, Middle East & Central Asia at Mitsubishi Corporation
Oct. 2016 Executive Vice President at Mitsubishi Research Institute, Inc.
Dec. 2016 Executive Vice President, Representative Director at Mitsubishi Research Institute, Inc.
Jun. 2017 Management Council Member at Fukushima Medical University (to the present)
Dec. 2020 Full-time Senior Corporate Advisor at Mitsubishi Research Institute, Inc.
Apr. 2021 Visiting Professor in Department of Business Design; Research Fellow at Institute of Current Business Studies, Showa Women's University
Jan. 2022 Senior Corporate Adviser at Mitsubishi Research Institute, Inc.
Jun. 2022 Outside Director at Azbil Corporation (to the present)
Jun. 2023 Member of the Board of the Company (to the present)

11 Outside Director Mami Kobayashi

Apr. 1987 Joined Nikkeisha, Inc.
Sep. 1988 Joined The Asahi Shimbun Company
Oct. 1990 Joined McKinsey & Company, Inc.
Dec. 1994 Joined United Technologies Corporation (US)
Oct. 2002 Library Director of Cultural Business Department at Mori Building Co., Ltd.
Apr. 2010 Library Advisor of Cultural Business Department at Mori Building Co., Ltd.
Jun. 2024 Member of the Board of the Company (to the present)

Audit & Supervisory Board Members

12 Full-time Audit & Supervisory Board Member Yoshiharu Hashimoto

Apr. 1985 Joined the Mitsubishi Bank, Ltd.
Jan. 2009 General Manager of Yotsuya Commercial Banking Office at the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU)
May 2011 General Manager of Osaka Corporate Banking Division No. 2 of Osaka Corporate Banking Group at BTMU
Jun. 2013 Vice President, Head of Business Development Unit at Sharp Corporation
Jun. 2016 Full-time Corporate Auditor at Mitsubishi UFJ Capital Co., Ltd.
Jun. 2017 Joined the Company
Jun. 2017 Full-time Audit & Supervisory Board Member
Jun. 2019 Member of the Board, Executive Officer, Planning & Administration and Technonet, Head of Planning & Administration Division
Jun. 2022 Member of the Board, Executive Managing Officer
Jun. 2023 Full-time Audit & Supervisory Board Member (to the present)

13 Full-time Audit & Supervisory Board Member Masayoshi Takeda

Apr. 1985 Joined Nippon Sheet Glass Co., Ltd.
Jun. 2008 Joined the Company
Apr. 2015 General Manager, Head of Finance & Accounting Department
Jun. 2016 Executive Officer
Jun. 2022 Full-time Audit & Supervisory Board Member (to the present)

14 Outside Audit & Supervisory Board Member Kyosuke Wagai

Oct. 1977 Joined Tohmatsu Awoki & Co
Sep. 1982 Registered as a certified public accountant (to the present)
Jul. 1991 Partner at Deloitte Touche Tohmatsu LLC
Jul. 2010 Executive Board Member of the Japanese Institute of Certified Public Accountants (JICPA)
Jun. 2016 Outside Audit & Supervisory Board Member of the Company (to the present)
Jul. 2016 Audit & Supervisory Board Member of JICPA
Jun. 2017 Outside Audit & Supervisory Board Member at Tokyo Electron Limited (to the present)
Jun. 2017 Representative Director and Chairman at XBRL Japan Inc. (to the present)
Jun. 2023 Auditor of Japan Federation of Shiho-Shoshi Lawyer's Associations (to the present)

15 Outside Audit & Supervisory Board Member Akiko Suzuki

Apr. 1974 Registered as an attorney-at-law (to the present) Joined Anderson Mori & Rabinowitz
Sep. 1990 Joined the Company
Sep. 1998 Joined Tokyo Eiwa Law Office
Sep. 2002 Joined Tokyo Office of Oh-Ebashi LPC & Partners Partner (Member of the LPC)
Jun. 2019 Outside Audit & Supervisory Board Member of the Company (to the present)

16 Outside Audit & Supervisory Board Member Yoshifumi Miyata

Apr. 2006 Executive Officer and General Manager of Financial Institution Relations Department at the Dai - ichi Mutual Life Insurance Company.
Apr. 2009 Managing Executive Officer of the Dai - ichi Mutual Life Insurance Company
Jun. 2010 Outside Audit & Supervisory Board Member of Tsugami Corporation
Jun. 2012 Representative Director and Vice-President of Trust & Custody Services Bank, Ltd.
Oct. 2018 Outside Director at Wellness Communications Corporation (to the present)
Jun. 2021 Outside Audit & Supervisory Board Member of the Company (to the present)

Executive Officers

Hitoshi Mizuno

Executive Managing Officer,
Biomaterials Business
Head of Biomaterials Business
Division and General Manager of
Medical Device Product
Development Department

Masaaki Naotsuka

Executive Managing Officer,
Mochida Pharmaceutical Plant

Yoshitaka Hosaka, Ph.D.

Executive Managing Officer,
Business Promotion
Head of Business Promotion
Division

Taiji Hayano

Executive Managing Officer
Development
Head of Clinical Research
and Development Division

Tomokazu Matsusue

Executive Managing Officer,
Business Development
Head of Business Development
Division

Kenji Miyajima

Executive Officer
Head of Pharmaceutical
Business Division

Yasushi Taguchi

Executive Officer
Head of Research Division
Head of Research Center

Masato Tomomitsu

Executive Officer
Head of RA, QA and PV Division

Takeshi Mochida

Executive Officer
Deputy Head of Clinical Research
and Development Division

Reiko Nakano

Executive Officer
Deputy Head of Business
Development Division

Junichi Makino

Executive Officer
Deputy Head of Planning &
Administration Division and
General Manager, Head of
Human Resources Department

Shinji Ninomiya

Executive Officer
Deputy Head of Pharmaceutical
Business Division

Junko Ohata

Executive Officer
Deputy Head of Clinical
Research and Development
Division

Masaaki Yokosuka

Executive Officer
General Manager, Head of Legal
& Compliance Department

Risk Management

Mochida Pharmaceutical Group enacted Risk Management Rules applicable to Mochida Pharmaceutical Group and also established the Risk Management Committee composed of the Heads of Divisions, the presidents of subsidiaries and other relevant members. Based on the Risk Management Rules, the Risk Management Committee identifies potential risks and the divisions responsible for each risk establish measures to prevent the actualization of risks and countermeasures in the event of their actualization. Each year, the Group selects material risks that might have a considerable adverse impact on its

business and management and focuses on strengthening measures to prevent them. Meanwhile, the Risk Management Practical Committee is responsible for the reviews or reports that the Risk Management Committee needs for its policy discussions. The Board of Directors receives reports from the Risk Management Committee and supervises the committee by checking the implementation status and effectiveness of risk management.

Material risks evaluated based on frequency of occurrence and potential damage are as follows.

[Critical risks and risk description]

Risks	Risk description
Risks associated with research and development	<ul style="list-style-type: none"> • Suspension or delay of development due to reasons such as a failure to prove the initially anticipated efficacy or the emergence of unforeseen adverse drug reactions
Risks associated with production and procurement	<ul style="list-style-type: none"> • Quality issues such as defects of products produced at Mochida Pharmaceutical Group plants • Delay or suspension of supply of products or raw materials by a specific supplier on which the Group depends due to some factor
Risks associated with business alliances	<ul style="list-style-type: none"> • End of alliances due to future circumstances
Risks associated with laws and regulations and system reforms	<ul style="list-style-type: none"> • Tightening of pharmaceutical - related laws and regulations and other regulations (including measures to promote healthcare costs optimization such as healthcare system reforms, encouragement of the use of generics and NHI drug price reductions) • Recall of our products, revocation of our license, the suspension of our business operations or other administrative disposition or a claim for compensation against us as a result of failure to comply with such regulations
Risks associated with adverse drug reactions	<ul style="list-style-type: none"> • Recall of products, the suspension of sales and marketing, litigation and compensation for damages due to unforeseen adverse drug reactions
Risks associated with business continuity	<ul style="list-style-type: none"> • Major natural disasters or accidents that seriously affect or damage Mochida Pharmaceutical Group's plants, laboratories, branches, offices and other sites (including the shutdown or failure of information systems), leading to supply shortages • Events such as epidemic that lead to the stagnation of business activities and/or supply shortages caused by the suspension of operations at plants

[Other major risks and risk description]

Risks	Risk description
Risks associated with product sales mix	<ul style="list-style-type: none"> • Launch and growth of rival products or generic versions of certain mainstay products that account for a high percentage of sales, or sales suspension or recall of such mainstay products
Risks associated with sales of competitors and others	<ul style="list-style-type: none"> • Competition with rival products (including generics) • Irrecoverability of receivables due to bad debts incurred in relation to wholesalers
Risks related to IP	<ul style="list-style-type: none"> • Infringement on third - party intellectual property rights
Risks associated with information management	<ul style="list-style-type: none"> • Leakage of confidential information, personal information, etc. as a result of system hacking, system failure or other reason
Risks related to environmental issues	<ul style="list-style-type: none"> • Soil contamination or air pollution caused by chemical substances used in research, manufacturing processes, etc. • Climate change risks
Risks associated with financial market conditions and exchange rate fluctuations	<ul style="list-style-type: none"> • Losses on the valuation or sale of securities due to deterioration in financial market conditions • Increase in retirement benefit obligations, etc. due to interest rate fluctuations, etc. • Foreign exchange rate fluctuations in foreign currency denominated transactions

Compliance

Mochida Pharmaceutical Group is working to promote compliance through the structure and activities described below. In addition, the Group provides training to those in Pharmaceutical Business Division on a regular basis to encourage fair competition. Mochida Pharmaceutical Group will continuously strive to ensure thorough compliance, and to respond rapidly to various changes in the business environment, while incorporating appropriate advice from our attorneys, certified public accountants and other experts.

Ethics and Compliance Committee

The Committee comprises the President of Mochida Pharmaceutical, the Compliance Officer (the officer in charge of corporate ethics or the supervisor for corporate ethics), and outside experts. It is chaired by the President. The Committee carries out internal checks and deliberates issues, striving to incorporate the spirit of the Code of Conduct of Mochida Pharmaceutical Group into Group activities.

Ethics and Compliance Committee Working Group

The Committee comprises general managers of operations, presidents of subsidiaries and other relevant members and is chaired by the Compliance Officer. It is responsible for the review of internal rules and systems for preventing fraud and improper conduct, and for raising necessary issues and reporting specific issues. Each member is responsible for ethics and compliance within their area of operations, including compliance with the Code of Conduct (including compliance training) and prevention of improper conduct.

Establishment of Compliance-related Units

We have established the Internal Audit Department and the Corporate Ethics & Compliance independent from our business units and business subsidiaries, to promote the observation of compliance.

Communication of Message from the President

We distribute a message from the President to employees in the form of video news. The video news distributed in autumn each year always focus on latest incidents of non-compliance such as corporate misconducts of other companies and the President himself always stresses the importance of compliance.

Compliance Training and Awareness-raising Activities

The Group provides compliance training to meet all training needs, for example, the Corporate Ethics & Compliance provides ethics and compliance training to employees upon entry to our company and upon appointment to a managerial post as well as rank-based, company-wide and officer-oriented training, all related to ethics and

compliance, and the staff in charge of ethics and compliance within each business

Corporate Ethics and Compliance Helpline

We install a hotline via which any officer or employee (including who has left the company within one year) who has discovered an actual or potential non-compliance incident or issue may make whistleblowing reports or seek advice. Through the hotline, any officer and employee may either report to or consult with the staff or the officer in charge of corporate ethics and compliance within the company or directly report to or consult with an outside lawyer or other expert. We have also established standards for handling whistleblowing reports within Mochida Pharmaceutical Group and take appropriate measures to ensure that anyone making a whistleblowing report or seeking advice does not suffer disadvantageous treatment.

[Compliance-related data in FY2023]

Number of uses of hotline: 28	
Measures	Based on the wishes of whistleblowers, action was taken and corrective measure were implemented where necessary.

Initiatives Concerning Medical and Health Research Involving Human Subjects

We have enacted “Ethical rules on life science and medical research involving human subjects” to ensure that life science and medical research involving human subjects respects human dignity and human rights and is conducted appropriately with understanding and cooperation of society. In accordance with these rules, we established the Research Ethics Committee.

Basic Sustainability Policy and Promotion Structure

Mochida Pharmaceutical Group formulated a Basic Sustainability Policy to contribute to the realization of a sustainable society through its efforts to provide value as a pharmaceutical company.

Basic Sustainability Policy

Mochida Pharmaceutical Group aims to grow as a unique and globally recognized life and healthcare group via meeting medical and healthcare needs in accordance with its corporate philosophy; “Actively contributing to human health and well-being in the field of medicine, continuously committed to the development of innovative products.”

For enhancing the value of corporate sustainability, we will strive to provide value as a pharmaceutical company “contributing to human health and well-being” under appropriate corporate governance in accordance with the Code of Conduct of Mochida Pharmaceutical Group. We will also contribute to realize a sustainable society while making efforts to lessen our impact on the global environment.

Mochida Pharmaceutical Group has established sustainability activities throughout the organization and has set up a “Sustainability Committee,” chaired by the Director in charge of Planning and Administration, as an advisory body to the Representative Director, based on the above

basic policy, to promote sustainability activities across the Group. Specifically, the committee identifies materiality (material issues) and promotes various measures on sustainability issues in cooperation with each department and committee.

Sustainability Committee

Chair : Officer in charge of planning and administration

Member : Member of the Board, Executive Managing Officer

Matters to be Considered

Measure to combat climate change, supply chains, human rights issues, employee health and working environment

Major Activities

- Preliminary deliberation of policies and strategies
- Implementation of progress management and evaluation through the activities of working groups that liaises with relevant departments, various divisions and various committees and consider individual measures

Liaison Committees

- Environmental Measures Committee
- Risk Management Practical Committee
- Groupwide Safety & Health Liaison Committee
- Human Rights Awareness Promotion Committee
- Procurement Management Committee

Environment

Basic Environmental Policy

Mochida Pharmaceutical Group has established a Basic Environmental Policy to promote business activities which take environmental impact into consideration, in

accordance with the Code of Conduct of Mochida Pharmaceutical Group and the Basic Sustainability Policy.

Basic Environmental Policy

As a life and healthcare group, Mochida Pharmaceutical Group is committed to action on climate change countermeasures, the effective use of resources, the protection of biodiversity and so on, develops business activities with always taking the environmental impact into consideration, and endeavors to contribute to the realization of a sustainable society.

Promotion of Environmental Activities

Mochida Pharmaceutical Group has established the Environmental Measures Committee, chaired by the officer in charge of planning and administration, as an organization which examines important matters related to the environment. The Committee formulates a medium-to-long-term environmental action plan, examines measures to address environmental issues, makes recommendations to management, promotes environmental activities at each business site and also verifies the results of activities to protect the environment including annual reduction in CO₂

emissions. The committee also formulates a training schedule and conducts environmental training and awareness-raising activities for the further promotion and integration of environmental activities.

The Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., which is the Mochida Pharmaceutical Group's production center, was awarded ISO 14001 certification by the International Standards Organization for its environmental management system and implements activities to protect the environment on an ongoing basis.



ISO14001 renewal audit certificate



Waste training (Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd.)

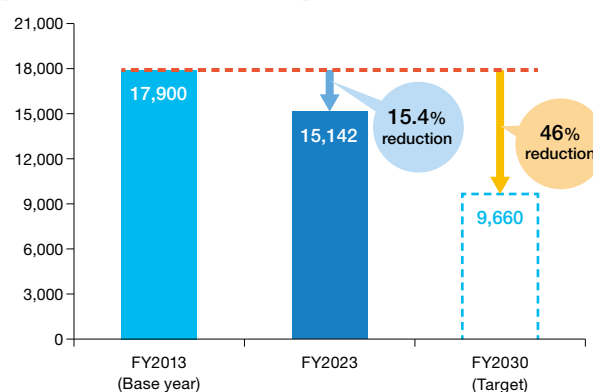
Environmental Initiatives

Climate Change Countermeasures

Mochida Pharmaceutical Group has set a target of reducing carbon emissions by 46% from FY2013 levels by FY2030, and reaching carbon neutrality by 2050. We are working to reduce CO₂ emissions through initiatives such as improvement of energy efficiency across Mochida Pharmaceutical Group as a whole, to fulfill our social responsibility and help realize a carbon-free society.

As in the previous year, we made progress replacing our commercial fleet with hybrid vehicles and worked to reduce CO₂ emissions at all sites through the installation of more efficient air conditioning systems and the systematic adoption of carbon free electricity. Meanwhile, the headquarters building (which began operating out from September 2022) received a top-level BELS 5-star rating in the “Building-Housing Energy-efficiency Labeling System (BELS)” evaluation and was certified as “ZEB Ready” which means the building achieves energy savings of greater than 50%, thanks to an environmentally friendly design which uses site conditions to reduce the environmental impact of air conditioning and deploys energy efficient lighting and air-conditioning systems. Furthermore, in an initiative that utilizes the land we own to reduce our environmental impact, we plan to install solar panels for renewable energy generation at our Fujieda site.

[Trend of CO₂ Emissions]

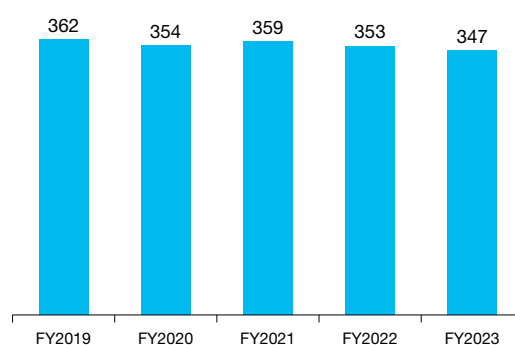
(t-CO₂)

Sites covered: Head Office, Gotemba site, Fujieda site and every other business site of Mochida Pharmaceutical Co., Ltd., Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd.

CO₂ emissions: Total amount of energy-related CO₂ emissions from fuel and electricity consumption

[Trend of Energy Consumption]

(terajoules)



Sites covered: Head Office, Gotemba site, Fujieda site and every other business site of Mochida Pharmaceutical Co., Ltd., Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd.

Energy consumption: Total consumption of all types of energy including electricity, fuel oil (until FY2019), gasoline, LNG and city gas



Gas-fired once-through boilers
(Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd.)



Heat pumps
(Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd.)

Water Resources and Water Quality

High quality water is essential for Mochida Pharmaceutical Group's business activities, especially its R&D and manufacturing activities. Mochida Pharmaceutical Group strives to comply with laws and regulations and water standards agreed with each local government and is working to use water resources efficiently and to manage wastewater properly. In addition, Mochida Pharmaceutical Plant Co., Ltd. has completely replaced the below ground drainage system with an above ground drainage system at its Head Office Plant to prevent soil contamination due to leakages. To ensure business continuity going forward, we will make effective use of finite water resources by managing our water consumption and amount of wastewater on an ongoing basis.

Reduction and Recycling of Waste

Mochida Pharmaceutical Group is working on the reduction and recycling of waste generated in its business activities. We promote the 3Rs (Reduce, Reuse, Recycle) and are committed to reducing the amount of waste we generate to 582 tons or lower by FY2030, increasing our waste recycling rate to 98% or higher, and maintaining a plastic waste recycling rate of 65% or higher.

Prevention of Air Pollution

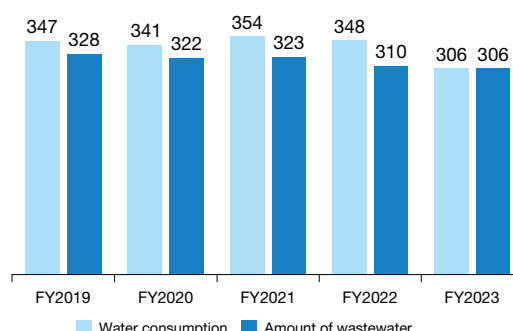
In efforts to prevent air pollution, Mochida Pharmaceutical Group completed the switch from fuel oil to LNG and city gas in FY2019. This move reduced the Group's particulate matter, oxides of nitrogen and sulfur (NOx and SOx) emissions to zero. We will continue striving to comply with laws and regulations and the standards agreed with each local government.

Proper Management of Chemical Substances

The Gotemba and Fujieda sites, the Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and the Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd. fully recognize the impact that the chemical substances needed to develop and manufacture pharmaceuticals and healthcare products have on human health and the ecosystem, and they use and manage chemical substances properly.

[Trends of Water Consumption and Amount of Wastewater]

(thousand m³)



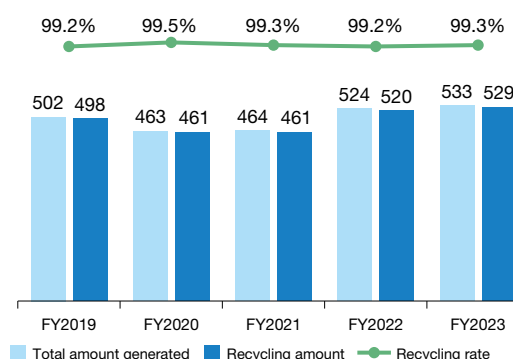
Sites covered: Head Office, Gotemba site, Fujieda site and every other business site of Mochida Pharmaceutical Co., Ltd., Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd.*

Water consumption: Total of extraction of groundwater and water purchased from public water supply

* Data from April 2020 to September 2022 excludes Head Office of Mochida Pharmaceutical Co., Ltd.

[Trends of Amount of Waste Generated and Recycling Rate]

(tons)



Sites covered: Head Office, Gotemba site, Fujieda site and every other business site of Mochida Pharmaceutical Co., Ltd., Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd., and Saitama Plant of Mochida Pharmaceutical Plant Co., Ltd.*

Recycling amount: Total amount of waste generated which was the subject of reuse, material recycling or thermal recycling (heat recovery and residue use)

* Data from April 2020 to September 2022 excludes Head Office of Mochida Pharmaceutical Co., Ltd.

Information Disclosure Based on the TCFD Recommendation

Mochida Pharmaceutical Group declared support for the Task Force on Climate-related Financial Disclosures (TCFD) Recommendations in June 2023, and evaluates and manages climate-related risks and opportunities to make

disclosures* in accordance with the TCFD recommendations. Going forward, we will seek to further enhance information disclosure.

* The TCFD's disclosure recommendations span four different areas: Governance, Strategy, Risk management, and Metrics and targets.

Governance

Mochida Pharmaceutical Group has established the Environmental Measures Committee (convened twice a year; chaired by the officer in charge of planning and administration) as an organization which examines important matters related to the environment. The Committee is responsible mainly for establishing medium-to-long-term environmental action plans, considering measures to address environmental issues, and implementing initiatives to protect the environment. The Environmental Measures Committee also confirms the results of activities to protect the environment such as annual reductions in CO₂ emissions. We have also established the Risk Management Committee (convened twice a year; chaired by the officer in charge of planning and administration), which develops systems for managing

major risks related to the Group's business management in general, including climate change risk.

Initiatives to address climate change are considered, in collaboration with the Environmental Measures Committee and the Risk Management Committee at meetings of the Sustainability Committee (advisory body to the Representative Directors; chaired by the officer in charge of planning and administration), which was established to promote sustainability activities across the Group.

The Sustainability Committee meets once every six months (and whenever necessary). The activities of these committees are reported to and discussed with a view to improvement at the Board of Directors at least once a year.

Strategy

Using the 1.5°C scenario and the 4°C scenario to assess the impacts of climate change on our business activities, we identified climate change-related risks and opportunities.

For the 1.5°C decarbonization scenario, we referred to the Intergovernmental Panel on Climate Change (IPCC)'s SSP1-1.9 (scenario depicting a world that limits warming to 1.5°C in line with a sustainable development pathway),

while for the 4°C warming scenario, we referred to SSP5-8.5 (a high emissions scenario depicting a world that pursues development driven by fossil fuels, without climate policies).

We analyzed the identified risks and opportunities, taking the degree of their financial impact and frequency of occurrence into consideration, and conducted an evaluation of countermeasures.

Risk Management

We have established Risk Management Rules applicable to Mochida Pharmaceutical Group, and have also developed a framework for managing risks related to Mochida Pharmaceutical Group's business management in general and manage climate change as one of our key risks. The business units and companies responsible for each major risk formulates measures to prevent the risk from

materializing and measures to respond to the risk if it materializes, and the Risk Management Committee, which is responsible for risk management, deliberates and supervises the measures. These activities are reported to the Board of Directors and discussed with a view to improvement at least once a year.

Risks

Scenario	Category	Events	Details	Timeframe* ¹	Measures	Degree of Impact* ²
1.5°C	Transition risks	Tightening of decarbonization-related policies, laws and regulations	Increased burden of carbon taxes	Medium term to long term	<ul style="list-style-type: none"> Active rollout of energy conservation measures Upgrading to high-efficiency, energy-saving equipment Adoption of renewable energy 	Minor
			Increased investment costs associated with the installation of equipment in response to decarbonization-related policies	Medium term to long term	<ul style="list-style-type: none"> Systematic upgrading to high-efficiency, energy-saving equipment on equipment renewal 	Minor
4°C	Physical risks (Acute)	Increase in severity and frequency of weather-related disasters	Suspension of operation due to typhoons, heavy rain and other disasters	Short term to long term	<ul style="list-style-type: none"> Formulate specific action guidelines (BCP) for disasters Ensuring Diversified Procurement Sources Appropriate inventory control 	Moderate
	Physical risks (chronic)	Temperature rise	Increased energy costs associated with air-conditioning	Medium term to long term	<ul style="list-style-type: none"> Active rollout of energy conservation measures Upgrading to high-efficiency, energy-saving equipment 	Minor
		Water shortages	Depletion of water resources	Medium term to long term	<ul style="list-style-type: none"> Implementation of assessments of stability of water supply and drought at existing sites Appropriate inventory control 	Minor

Opportunities

Scenario	Category	Events	Details	Timeframe* ¹
1.5°C	Reputation	Enhancing corporate value	Achievement of higher levels of customer trust and improved ratings from ESG investors through our climate change initiatives	Short term to long term
4°C	Market	Changing disease trends	Growing demand for pharmaceuticals to treat specific diseases such as infectious diseases associated with rising temperatures	Short term to long term

*1 "Short-term": 0~1 year, "Medium-term": 1~5 years, "Long-term": 5~30 years

*2 "Minor": 10 billion yen or less, "Moderate": Between 10 billion yen and 20 billion yen, "Major": 20 billion yen or more

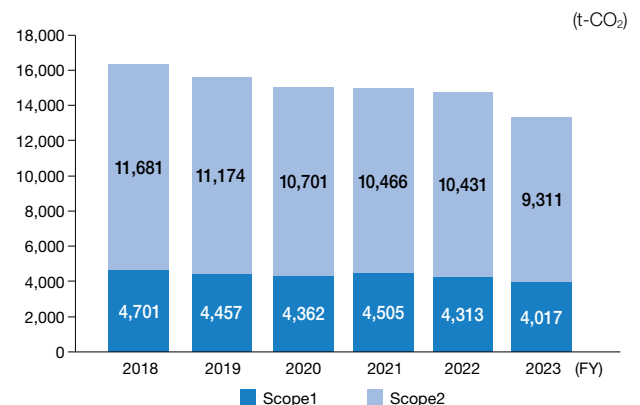
Metrics and Targets

Mochida Pharmaceutical Group has set a target of reducing carbon emissions by 46% from FY2013 levels by FY2030 (covers research laboratories, plants, offices, commercial fleet), and reaching carbon neutrality by 2050.

CO₂ emissions

Items	FY2013	FY2023 (vs FY2013)
CO ₂ emissions	17,900	15,142 (down 15.4%)
- Research laboratories and plants	13,825	12,868
- Offices	1,155	460
- Commercial fleet	2,920	1,814

CO₂ emissions by scope (scope 1 and scope 2)



Society

Working with Business Partners

Respect for Human Rights

Human rights policy

Mochida Pharmaceutical Group has established and disclosed a Basic Policy on Human Rights to further strengthen initiatives to prevent and mitigate human rights risks. We will work to protect and respect human rights through the implementation of human rights due diligence and the establishment of a remedy framework, in line with the UN Guiding Principles on Business and Human Rights.

Sustainable Procurement

Sustainable procurement policy

We have established a Sustainable Procurement Policy, to promote fair procurement that is compliant with laws and regulations and addresses human rights and environmental considerations. Our business partners will be informed about the Group policy and will be required to understand it and put it into practice. We will integrate sustainability throughout our entire supply chain to prevent problems from occurring which will cause disruption to business and have a severe impact on society.

Sustainable procurement guidelines

We established the Sustainability Procurement Guidelines for the purpose of building fair and transparent relationships with our business partners and distributed them to our business partners. These guidelines set out the matters that we consider important and expect our business partners to address.

Surveys on sustainability

We conducted a survey to understand the sustainability initiatives of business partners in areas such as human rights and the environment, and the response rate was over 80%. We encourage business partners who responded to the survey to make improvements by giving them feedback on their answers to each question and allowing them to assess their level relative to other business partners. By collaborating with business partners to tackle issues and drive sustainable procurement, we will contribute to the development of a more sustainable society.

Basic Policy on Human Rights

Mochida Pharmaceutical Group sets out in the Code of Conduct of Mochida Pharmaceutical Group and the Employee Behavior Standards of Mochida Pharmaceutical Group that officers and employees will respect human rights and will not engage in behavior such as unfair discrimination, sexual harassment or power harassment. The Group's Sustainable Procurement Guidelines also clearly specify the consideration for human rights that business partners are expected to demonstrate. Recognizing that companies have a responsibility to pursue management which respects the human rights of all human beings, we are committed to implementing initiatives to promote respect for human rights in all our business activities and contributing to realization of a sustainable society.

Sustainable Procurement Policy

1. Equitable and Fair Transactions

We will select business partners based on an equitable and fair assessment from various perspectives including quality, delivery time, capacity for stable supply, technical expertise, reliability and price. We will build positive relationships of trust with business partners that are based on mutual understanding and are aimed at supporting each other's sustainable development.

2. Compliance with Laws and Societal

Norms We will comply with the laws and regulations of each country, and conduct ourselves with high ethical standards and in accordance with socially accepted norms.

3. Consideration for the Environment

We will endeavor to realize a sustainable society by integrating consideration for environmental impact into our procurement activities.

4. Respecting Human Rights

We will strive to build a decent society by integrating respect for human rights into our procurement activities.

[Survey summary (FY2023)]

Purpose	To understand the status of procurement taking into consideration sustainability across the entire supply chain
Method	Requested survey participation via email using survey system (online response)
Target	Some of Mochida Pharmaceutical Group's major business partners
Number of questions	35
Question themes	Corporate governance, human rights, labor, environment, fair corporate activities, information security, quality, safety, coexistence with local communities
Survey period	From September 1, 2023 to October 31, 2023

Workplace Initiatives

Mochida Pharmaceutical Group sets out rules such as that officers and employees will respect each other's human rights and will not engage in behavior such as unfair discrimination, sexual harassment or power harassment in the Employee Behavior Standards. We work continuously to raise awareness about the prevention of harassment and other human rights issues, including having a member of the Human Rights Awareness Promotion Committee in all our operations and providing all employees with training to raise awareness about human rights once a year. In

addition, every year, we issue a call to employees and their families for slogans to raise awareness about human rights, providing them with the opportunity to reflect on human rights issues as something which concerns them. We have also established a Workplace Harassment and Relationships Consultation Service for inquiries about harassment or relationship concerns, and inquiries are dealt with either by dedicated staff within the company or an outside service provider, and employees who use the service are supported.

Working with Employees

Strengthening Our Human Resource Management System

Mochida Pharmaceutical Group considers "human resources" to be a major driver underpinning corporate value creation, and has identified "development of human resources" as one of the material issues underpinning the management foundations. By developing human resources for the acceleration of innovation creation and productivity improvement, we will strive for sustainable improvement in corporate value driven by the personal growth of our employees and our own corporate growth.

The Group is in the progress of strengthening its human resource management system to ensure development and vitalization of human resources. We revised the personnel system that forms the basis for human resource management and put the new system into operation from April 2023. The new system incorporates mechanisms for reflecting the role and contribution of individuals in their treatment and mechanisms for encouraging diverse human resources to actively participate. The Group has clarified and reorganized the role of each position and this enables early promotion. In addition, we conducted a review of our treatment of elderly persons with expertise. We also focus on securing the human resources required to expand our operations overseas.

Development of Human Resources

Mochida Pharmaceutical Group sees the development of human resources as an important issue, and provides training by rank and by job and focuses on employees' skills development and the development of leaders.

In terms of training by rank, we encourage general employees to improve their business knowledge and skills through new employee training and mid-level employee training and support performance-enhancing skill development. Additionally, we identify and develop human resources that will contribute to innovation creation through leadership training and management candidate training. In manager training, we seek to share our strategic vision and

further develop leadership skills in addition to further enhancing basic skills.

In training by job, employees acquire specialist knowledge and master higher level business skills through training programs designed for each specific business unit.

We have also introduced domestic and overseas training programs for the development of core human resources. Each year, we conduct open recruitment and selected employees study abroad at business schools in Japan and receive degrees. In addition, we operate a self-development support system aimed at encouraging employees to use their initiative and nurturing a challenging spirit through support for the acquisition of qualifications, improvement of English language proficiency and various business skills, and reskilling. We are also incorporating a learning management system into our activities to develop human resources, with the aim of providing education and training more effectively. Through such education and training, we seek to raise the level of competence and skills of human resources and grow and become stronger as a group.

[Groupwide Training Structure]

	Tiered program	Job-specific program	Open application basis	Self-development
For managers	Practical training for newly appointed managers Manager basic skills training Training to develop next-generation executives etc.	Business unit-specific training	Domestic training and overseas study program	Support for self-development and acquisition of qualifications
For general employees	Training for manager candidates Career support training for women Training for developing leaders Mid-level employee training New employee training			

Engagement of Diverse Human Resources

Female participation and career advancement in the workplace

We are working to hire and train women and increase the ratio of female managers and also focusing on developing programs to support women in their various life stages. Under an action plan based on the Act on the Promotion of Female Participation and Career Advancement in the Workplace, Mochida Pharmaceutical has set a target ratio of female managers of 12% or higher (FY2021- FY2025). Aiming to be a company that empowers women in the workforce, we are working to develop female employees and to change mindsets, including showcasing female manager role models, preparing career plans for female candidates, and providing career training and seminars for female employees.

We also believe it is important to create workplace environments where our female employees can advance their careers in good health, and we have introduced an integrated service for resolving women's health issues as a new initiative aimed at supporting women's health. Through this service, employees are able to take advantage of online consultations provided by gynecologists. We also hold awareness-raising seminars about female-specific diseases for all employees including male employees.

Ratio of new female recruits	52.9%
Ratio of female managers	11.6%
Target ratio of female managers	12% (FY2021~FY2025)

(Figures of Mochida Pharmaceutical only: FY2023)

Promotion of mid-career recruitment

Mochida Pharmaceutical Group recruits human resources with the skills, knowledge and experience we need and highly skilled professionals needed for business growth, global expansion and the execution of strategies to help increase its corporate value. Especially in the biomaterials business, which we are focusing on as one of the pillars of the next generation, we are actively recruiting professionals. The ratio of mid-career hires increases year by year and many mid-career hires play an active part in a wide variety of departments.

Ratio of mid-career hires	49.3%
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(Figures of Mochida Pharmaceutical only: FY2023)

Employment of persons with disabilities

Mochida Pharmaceutical Group is working to expand employment of persons with disabilities. Mochida Pharmaceutical's employment ratio of persons with disabilities stood at 2.4% in FY2023 (the legal employment quota for persons with disabilities is 2.3%), and all such employees play an active part in various departments.

Employment of elderly persons

With the mandatory retirement age set at 60, we have introduced a system under which all employees who have reached mandatory retirement age and wish to continue working are reemployed until the age of 65. In FY2020, we will revise the compensation system in response to the enforcement of the Part-Time and Fixed-Term Employment Labor Law, and in FY2023, we will establish a management course to further motivate older employees to work. Mochida Pharmaceutical Group also gives 55-year-old employees the opportunity to reassess their future plans including their professional lives and management of their assets through the provision of life plan seminars and support for diverse work styles.



Life plan seminar (Held in February 2024)

Aiming to be a Great Place to Work

Mochida Pharmaceutical Group is constantly working to achieve work-life balance and diverse, flexible working styles. We have also been working on creating an environment where employees can work efficiently with high motivation, including compliance with the Work Style Reform related law (such as setting limit on overtime work and grasping of working hours by managers and supervisors), encouraging employees to use flextime and rolling out flextime to non-office-based employees as well, operating a discretionary working system at Research Laboratories, expanding the scope of telework, and developing and enhancing business communication tools. Our headquarters office building offers more comfortable office environments through initiatives such as the introduction of digital technologies, in a bid to further improve productivity.

Employee Engagement

We conduct an employee survey of all Mochida Pharmaceutical Group employees every year, mainly to assess employee engagement. The survey findings are disclosed to all employees and used to consider and implement measures to solve issues and increase employee motivation. We also implement a range of initiatives aimed at increasing job satisfaction including conducting interviews with employees to obtain feedback about their work and workplace, listen to their requirements and give advice on any concerns or issues raised.

Child Care and Nursing Care

Mochida Pharmaceutical Group has been working to realize workplaces which make it easier for employees to balance child care and nursing care with work. We have increased support for child care and nursing care, having thus far implemented initiatives such as longer child care leave, introducing some paid childcare leave, introducing nursing care leave that exceeds the statutory requirements, introducing a reduced working hour system, establishing leave for maternity hospitalization, more widespread use of accumulated paid leave for child care and nursing care, expanding flextime to those working shorter working hours due to child care, operating telework, and revising child care leave regulations as a measure to prevent maternity harassment.

Moreover, we have set target percentages for those taking child care leave of 90% or higher for women and 30% or higher for men (FY2021-FY2025). We implement a range of initiatives to encourage employees to take child care leave, including providing training to raise awareness and increase understanding about childcare-related systems and working to encourage male employees to take advantage of childcare-related systems.

In recognition of our efforts to support childcare at the workplaces of Mochida Pharmaceutical, Mochida Healthcare and Mochida Pharmaceutical Plant, we received the Minister of Health, Labour and Welfare's "Kurumin" certification, which is awarded to companies that meet the standards of the Act on Advancement of Measures to Support Raising Next-Generation Children.



Ratio of employees who took childcare leave	Female	100%
	Male	76.9%

(Figures of Mochida Pharmaceutical only: FY2023)

Occupational Health and Safety

Aiming to create a workplace where employees can work with peace of mind, we have built a structure for managing and promoting health and safety across Mochida Pharmaceutical Group and, as well as holding health and safety committee meetings at each site, we are working to prevent occupational accidents and ensure workplace health and safety.

Employee health management

Based on the "Guidelines for Maintaining and Improving Worker's Mental Health" issued by the Ministry of Health, Labour and Welfare, Mochida Pharmaceutical Group strives to enhance the structure and systems for supporting employees from four standpoints: selfcare, care provided by Human Resources Department, care provided by onsite occupational health professionals, and care utilizing outside resources.

1. Selfcare

- Mental health training (for all employees)
- Stress checks to assess mental health (carried out annually)
- Establishment of internal and external consultation service

2. Care provided by Human Resources Department

- Mental health training (training for newly appointed managers and manager training, etc.)
- Personnel interviews

3. Care provided by onsite occupational health professionals

- Health consultations provided by occupational health physicians
- Mental and physical health consultations provided by public health nurses
- Support for employees returning to work from leave provided by personnel staff and introduction of a provisional return-to-work system

4. Care utilizing outside resources

- Referral to outside consultation service, counselling facility or specialist

Together with Patients

Helping Patients with Ulcerative Colitis

Mochida Pharmaceutical and Eli Lilly Japan K.K. have been involved in a joint project “Promoting a society in which patients can talk openly about living with ulcerative colitis” since 2023. We hope that this project will raise awareness about “fecal urgency (sensation of an urgent need to have a bowel movement)”, which is identified by patients with ulcerative colitis as the symptom they would most like to have resolved and prompts people to think about how they can support ulcerative colitis patients. We have made information about ulcerative colitis and “fecal urgency” as well as a report on a roundtable discussion between ulcerative colitis patients and specialists available on a dedicated website.

- Dedicated website “For you who is living with Ulcerative Colitis”(Established in July 2023)
<https://www.mochida.co.jp/withuc/>



- Roundtable discussion report (published June 2024)
<https://www.mochida.co.jp/withuc/report/>



Together with Local Society

Information about diseases Mochida Pharmaceutical provides a wide range of information to increase patient understanding of illness. We produce guides for patients explaining diseases and giving them lifestyle tips, and we distribute them through medical institutions. We have also created information pages about diseases on our website for patients and the general public, highlighting in particular, through videos and other means, information offering “support for the different stages of a woman’s life.”

- Information page about diseases
<https://www.mochida.co.jp/patient/>



- Information about women’s health issues
<https://www.mochida.co.jp/woman/>



Working with Local Communities

Gotemba Site (Gotemba, Shizuoka Prefecture)

Participation in activities of Gotemba City Water Quality Preservation Council

Preservation Council Every year in June, which is Environment Month, the Gotemba site takes part in the cleaning activities organized by Gotemba City Water Quality Preservation Council, cleaning up the surrounding roads. The Gotemba site also takes part in the “amago salmon release party” organized by the Gotemba City Water Quality Preservation Council every October.



Releasing juvenile amago salmon into the river

Fujieda Site (Fujieda, Shizuoka Prefecture)

Activities to clean up around Fujieda site and the banks of Oi River

Adjacent to the Oi River, which is officially classified as a Class 1 river, the Fujieda site takes part in Oi River Cleanup Activities, including weeding and picking up litter on the banks near the site, to coincide with Environment Month in June and River Conservation Month in July.



Activities to clean up river in area around Fujieda site

Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd.

(Ohtawara, Tochigi Prefecture)

Communication with the local community to protect the environment

The Head Office Plant of Mochida Pharmaceutical Plant Co., Ltd. sees communication with the local community as important for protecting the environment and reports any changes in the water quality of rivers and groundwater around the plant and the plant's initiative to protect the environment to the local government (Ohtawara City) and to representatives of local residents. In November 2023, we held a meeting at our Head office Plant site to report on initiatives undertaken in FY2023.

Clean-up activities around the plant

Once a month, plant employees pick up litter around the plant, especially in the adjacent area and the area bordering the city road, inspect plants and take measures as necessary and maintain good communication with the local residents.

Hosting plant visits

The Head Office Plant welcomes students on visits to give them an insight into the special feature of a pharmaceuticals plant so that they can use this knowledge when making career choices in the future.

Blood Donation Activities

Every year, the Head Office Plant site cooperates with the blood donation activities organized by the Japanese Red Cross Society. In FY2023, blood donation activities were held in June 2023 (Fujieda site) and November 2023 (Gotemba site), as well as in August 2023 and February 2024 (Head Office Plant site of Mochida Pharmaceutical Plant Co., Ltd.).

Hosting Company Visits

We host company visits by students to raise awareness about the social significance of pharmaceutical companies and the relevance of pharmaceuticals to everyday life. High school and junior high school students who are interested in careers in medicine or pharmaceuticals visit our company as part of their field trip programs and are keen to listen to our explanations about the contribution that pharmaceutical companies make to medical care and the development of new drugs.



Company visits by students

Activities to Revitalize Forests

From 2013, to commemorate the 100th anniversary of its founding, Mochida Pharmaceutical Group has been joining a partner program implemented by Kanagawa Prefecture to revitalize forests. Under the program, we lease an area of forest in Kanagawa Prefecture, which we named Mochida Memorial Forest, and employees volunteer to take part in activities to develop the forest such as tree thinning, pruning and clearing underbrush. We will continue focusing on the revitalization of forests and are committed to passing on the blessings of the forest to the next generation.



Forest Breeding Activities

Support for the 2024 Noto Peninsula Earthquake Disaster

In January 2024, Mochida Pharmaceutical donated 10 million yen through the Japanese Red Cross Society to support relief activities for those affected by the earthquake on the Noto Peninsula of Ishikawa Prefecture.

10-Year Consolidated Financial Summary

	FY2014	FY2015	FY2016	FY2017 ^{※2}
For the fiscal year (Millions of Yen)				
Net sales	87,252	92,272	97,349	106,761
Cost of sales	33,913	37,273	41,043	53,182
Selling, general and administrative expenses	41,658	42,845	44,936	41,904
R&D expenditures	11,777	13,454	15,226	11,912
Operating income	11,689	12,154	11,374	11,662
Recurring income	11,909	12,392	11,648	12,008
Profit attributable to owners of parent	7,544	8,150	8,526	9,023
Comprehensive income	8,860	9,121	9,686	11,257
Net cash provided by (used in) operating activities	5,122	15,211	5,583	3,283
Net cash provided by (used in) investing activities	△ 1,953	△ 15,576	△ 1,835	△ 426
Net cash provided by (used in) financing activities	△ 5,288	△ 2,917	△ 3,291	△ 3,483
Cash and cash equivalents at end of year	33,635	30,351	30,808	30,182
Capital investment	1,272	1,539	1,060	1,001
Depreciation and amortization	3,006	2,764	2,734	2,618
End of the fiscal year (Millions of Yen)				
Total assets	127,557	137,713	148,372	155,047
Net assets	98,670	104,929	111,869	119,687
Per-Share Information^{※1} (Yen)				
Net assets (BPS)	2,484.20	2,642.32	2,817.36	3,014.53
Net income (EPS)	188.63	205.23	214.73	227.27
Dividends	75.00	75.00	77.50	85.00
Financial Indicators				
Ratio of operating income to net sales (%)	13.4	13.2	11.7	10.9
Ratio of R&D expenditures to net sales (%)	13.5	14.6	15.6	11.2
Shareholders' equity ratio (%)	77.4	76.2	75.4	77.2
Return on equity (ROE) (%)	7.8	8.0	7.9	7.8
Payout ratio (%)	39.8	36.5	36.1	37.4
Price to earnings ratio (PER) (times)	20.9	20.4	19.2	16.5
Number of employees (Average number of part-time employees)	1,746 (417)	1,726 (420)	1,713 (418)	1,666 (420)

FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
109,643	101,799	102,995	110,179	103,261	102,885
55,477	49,882	48,203	50,626	48,146	50,815
43,584	43,112	42,788	45,161	46,607	46,267
13,003	11,884	10,849	12,295	13,283	12,554
10,590	8,807	12,003	14,392	8,507	5,802
10,928	9,154	12,260	14,799	9,085	6,037
8,435	4,598	8,587	10,569	6,649	4,547
11,467	873	11,412	7,619	5,001	7,567
12,565	9,347	9,198	7,459	7,297	△ 7,480
△ 1,121	△ 1,760	△ 880	△ 2,007	△ 2,949	74
△ 6,094	△ 5,328	△ 5,112	△ 5,956	△ 6,884	△ 6,393
35,532	37,791	40,987	40,515	38,010	24,290
1,299	1,889	1,335	2,806	2,105	2,315
2,917	2,731	2,742	2,689	2,672	2,808
159,019	157,488	161,791	163,139	158,831	158,800
125,110	120,665	126,974	128,646	126,775	127,967
3,189.15	3,113.69	3,317.92	3,424.21	3,470.18	3,609.64
212.87	117.56	222.29	277.39	178.93	126.80
85.00	80.00	90.00	90.00	80.00	80.00
9.7	8.7	11.7	13.1	8.2	5.6
11.9	11.7	10.5	11.2	12.9	12.2
78.7	76.6	78.5	78.9	79.8	80.6
6.9	3.7	6.9	8.3	5.2	3.6
39.9	68.1	40.5	32.4	44.7	63.1
26.7	35.5	19.3	13.5	18.7	25.4
1,617 (448)	1,581 (482)	1,558 (504)	1,544 (503)	1,529 (515)	1,522 (495)

※1 The Company also conducted a two-for-one share split of its common shares on April 1, 2019. Per-share information is calculated on the assumption that the share consolidation and share split were conducted on April 1, 2014.

※2 From April 1, 2018, our company has applied the "Partial Amendments to Accounting Standards for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018). The relevant accounting standards have been applied retroactively to the main management indicators for fiscal 2017.

Corporate Data

Mochida Pharmaceutical Co., Ltd.

Founded: April 16, 1913
Incorporated: April 28, 1945
Representative: Naoyuki Mochida, President
Main Business: Sale, import and export of pharmaceuticals, etc.
Paid-in Capital: ¥7,229 million
Head Office: 7, Yotsuya 1-chome, Shinjuku-ku, Tokyo 160-8515, Japan
TEL +81-3-3358-7211
Number of Employees: 1,247 (Consolidated: 1,522)
(As of March 31, 2024)

Sites and Research Laboratories

Branche Offices
Sapporo, Sendai, Kanto Koshinetsu, Metropolitan, Chubu, Kansai, Hiroshima, Fukuoka

Other Operating Sites
Asahikawa, Hakodate, Aomori, Morioka, Akita, Koriyama, Kawagoe, Takasaki, Utsunomiya, Mito, Tsuchiura, Niigata, Matsumoto, Kofu, Tama, Chiba, Matsudo, Yokohama, Atsugi, Shizuoka, Hamamatsu, Hokuriku, Kyoto, Osaka-kita, Sakai, Kobe, Yonago, Okayama, Yamaguchi, Takamatsu, Matsuyama, Tokushima, Kochi, Kitakyushu, Nagasaki, Kumamoto, Oita, Miyazaki, Kagoshima, Okinawa

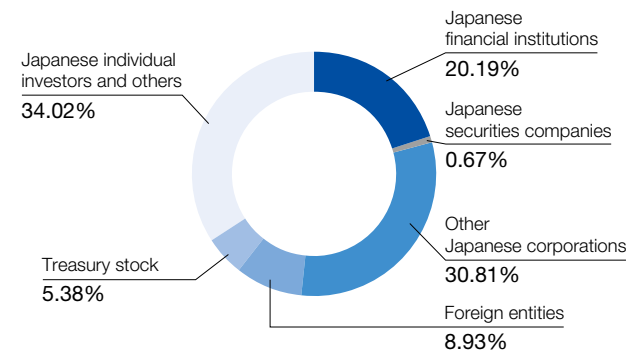
Research Laboratories
Research Center (Gotemba), Pharmaceutical Laboratory (Fujieda)

Share Information (As of March 31, 2024)

Current Share Status

Total number of authorized shares 120,000,000 shares
Total number of shares issued and outstanding 37,470,000 shares
Number of shareholders 6,949

Distribution by Type of Shareholder



Major Shareholders (top 10)

Name of Shareholder	Number of Shares Held (thousand)	Percentage of Shares Held (excluding treasury shares)
Mochida Memorial Foundation for Medical and Pharmaceutical Research	5,688	16.05
The Master Trust Bank of Japan, Ltd. (Trust account)	2,880	8.13
Princess Takamatsu Cancer Research Fund	1,683	4.75
MUFG Bank, Ltd.	1,586	4.48
Mizuho Trust & Banking Co., Ltd., Retirement Benefit Trust (Mizuho Bank Account) Re-trust Trustee: Custody Bank of Japan, Ltd.	1,434	4.04
Nissui Corporation	1,200	3.38
Naoyuki Mochida	1,098	3.10
Takeshi Mochida	949	2.68
Kazue Mochida	887	2.50
Taisho Pharmaceutical Holdings Co., Ltd.	800	2.26

(Note) The Company holds 2,018 thousand shares of treasury stock, not included in the above.

Sites



Group Companies

Mochida Pharmaceutical Plant Co., Ltd.

Operations Commenced: April 1, 2005
 Representative: Tadashi Morikawa, President
 Main Business: Manufacture of pharmaceuticals and healthcare products
 Paid-in Capital: ¥500 million (wholly owned by Mochida Pharmaceutical)
 Head Office Plant: 431, Nakadawara, Ohtawara City, Tochigi 324-0062, Japan
 TEL +81-287-24-1111
 Sites: Saitama Plant/Tokyo Site

Mochida Pharmaceutical Sales Co., Ltd.

Operations Commenced: June 2, 2014
 Representative: Kazumasa Fukuchi, President
 Main Business: Sale of pharmaceuticals
 Paid-in Capital: ¥10 million (wholly owned by Mochida Pharmaceutical)
 Head Office: PAXXS Bldg., 2-12 Ichigayahonmuracho, Shinjuku-ku, Tokyo 162-8451, Japan
 TEL +81-3-5229-3929

Mochida Healthcare Co., Ltd.

Operations Commenced: April 1, 2004
 Representative: Shinji Akita, President
 Main Business: Sale of healthcare products
 Paid-in Capital: ¥100 million (wholly owned by Mochida Pharmaceutical)
 Head Office: PAXXS Bldg., 2-12 Ichigayahonmuracho, Shinjuku-ku, Tokyo 162-8451, Japan
 TEL +81-3-5229-3940
 Sites: Sapporo Sales Office, Sendai Sales Office, Higashi Nihon Branch Office, Yokohama Sales Office, Nagoya Sales Office, Nishi Nihon Branch Office, Hiroshima Sales Office, Fukuoka Sales Office, Saitama Plant

Technonet Co., Ltd.

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Technofine Co., Ltd.

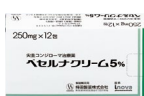
Head Office: 342, Gensuke, Fujieda, Shizuoka 426-8640, Japan
 TEL +81-54-636-7032

Our History

1900

- 1913** • Mochida was established by Ryokichi Mochida in Hongo, Bunkyo-ku, Tokyo.
- Started producing pharmaceuticals.
 - Started producing and marketing *Ogoko*, an ophthalmic ointment.
 - Started producing and marketing *Luestin*, an injectable antiluetic.
- 1929** • Developed *Thrombrin*, Japan's first organ-derived hemostatic agent.
- 1932** • Completed and launched *Pelanin*, the first estrogen preparation developed in Japan.
- 1935** • Launched *Testinon*, a male hormone preparation.
- 1945** • Mochida Pharmaceutical Co., Ltd. was incorporated.
- 1951** • Launched *Sprase*, the first hyaluronidase preparation developed in Japan.
- 1952** • Launched *Estropan*, a complex natural female functional hormone.
- 1956** • Succeeded in producing *Thrombin*, a hemostatic enzyme, in Japan.
- 1960** • Launched *Partan*, a hemostatic drug that contributes to uterine contraction.
- 1963** • Listed on the Second Section of the Tokyo Stock Exchange (TSE).
- 1964** • Nobuo Mochida was appointed president.
- Launched *Gonavis*, Japan's first immunological pregnancy test kit.
 - Launched *Kimotab*, an anti-inflammatory enzyme preparation.
- 1970** • Launched *Gonavislide*, a pregnancy test kit.
- Took part in "Life" Theme Pavilion at Japan World Exposition and exhibited DNA structure model.
 - Established the Paramedical Division and entered the quasi-drugs business.
 - Launched *Uronase*, a fibrinolytic enzyme preparation.
 - Launched *Skina Babe*, baby bath oil.
- 1972** • Established the Medical Electronics and Equipment Division.
- Completed and started operating the Shizuoka Plant.
- 1975** • Launched *Neutrogena*, soap for sensitive skin.
- Completed and started operating the Saitama Plant.
 - Listed on the First Section of the TSE.
- 1976** • Completed and relocated to the new headquarters building in Yotsuya.
- 1977** • Launched *SONOVISTA*, the first ultrasonic diagnostic scanner developed in Japan.
- 1979** • Launched *Rocornal*, a circulatory function activator.
- 1980** • Launched *Collage Cream*, the first basic skin care product containing soluble collagen developed in Japan.
- Launched *Medilaser-S*, the first carbon dioxide laser surgical unit produced in Japan.
- 1981** • Signed an agreement with Hayashibara Biochemical Laboratory, Inc. for joint research of interferon.
- 1982** • Completed and opened the Fuji Central Research Laboratory (Gotemba).
- 1983** • Established the Mochida Memorial Foundation for Medical and Pharmaceutical Research.
- 1984** • Launched *Arasena-A*, a treatment for viral encephalitis.
- Their Imperial Highnesses Prince and Princess Takamatsu visited Fuji Central Research Laboratory.
- 1985** • Ei Mochida was appointed president.
- Launched *Miraclid*, the world's first ulinastatin preparation.
- 1986** • Launched *Florid®-F* injection for the treatment of deep-seated mycoses.
- Launched *Grandaxin*, an autonomic nerve regulator.
- 1988** • Launched the *Collage Soap* series of low-irritating soap formulated for each specific skin type.
- Launched *Isoprinosine®*, a chemotherapeutic agent.
 - Launched natural-type interferon preparations *IFN α MOCHIDA 500* and *IFN β MOCHIDA*.
- 1989** • Launched *Tecipul*, a tetracyclic antidepressant.
- 1990** • Susumu Watanabe appointed president.
- Launched *Epadel Capsule 300*, the world's first high-purity EPA preparation.
- 1991** • Completed Ohtawara Plant.
- 1992** • Launched *Arasena-A Ointment*, the first topical antiviral agent developed in Japan.
- 1996** • Commenced JELIS (EBM study for *Epadel*).
- 1997** • Launched *Atelec®*, a calcium channel blocker.
- 1999** • Naoyuki Mochida appointed president.
- Launched EPA preparations *Epadel S 300* and *600*.
 - Launched low-dose oral contraceptives *Ortho 777-28* and *Ortho M-21*.
 - Launched *Collage Furfur*, the first shampoo containing antimycotic ingredients developed in Japan.

- 2001** • Launched *Gonastick 25*, a pregnancy test kit.
• Launched *Arasena-A Cream*, an antiviral agent.
- 2002** • Obtained the certification of ISO 14001 for Ohtawara Plant.
• Launched the *Vitacollage* series of health supplements.
• Launched *Spurecur*®, a GnRH derivative preparation.
- 2003** • Launched *Liquid Thrombin Mochida Soft Bottle*, a hemostatic agent.
• Launched the *Collage S* series of basic skin products.
• Mochida Medical Systems Co., Ltd. commenced operations.
- 2004** • Mochida Healthcare Co., Ltd. commenced operations.
• Launched *Epadel S 900*, a stick-type EPA preparation.
• Mochida Medical Systems Co., Ltd. commenced operations as Mochida Siemens Medical Systems Co., Ltd. (Excluded from affiliated companies accounted for by the equity method in 2009.)
- 2005** • Mochida Pharmaceutical Plant Co., Ltd. commenced operations.
• Launched the *Collage Whitening* series, the first whitening skincare products for sensitive skin developed in Japan.
• Results of JELIS (EBM study for *Epadel*) announced by American Heart Association (AHA).
- 2006** • Launched *Collage Furfur Liquid Soap*.
- 2007** • Commenced co-promotion of *Diovan*®, an antihypertensive. (Agreement terminated end of 2008.)
• Launched *Beselna*, the first treatment for condyloma acuminatum developed in Japan.
- 2008** • Launched *Dinagest*, a treatment for endometriosis.
• Launched *Collage White Peel*, an enzyme powder face wash.
• Launched *Divigel*® transdermal estrogen gel.
- 2009** • Launched *Gonastick W*, a pregnancy test kit.
• Launched *Collage Furfur Next Shampoo and Rinse* which contain antimycotic ingredients.
- 2011** • Launched *Lexapro*®, an anti-depressant.
- 2012** • Launched *Fastic*®, a fast-acting postprandial antihyperglycemic agent.
• Launched *glucorina*, a food for specified health uses (FOSHU).



- 2013** • Launched a switch-OTC version of *Epadel*.
• Launched the *Collage B.K.AGE* series.
• Launched biosimilar *Filgrastim BS MOCHIDA*.
• Launched *Tramcet*® tablets, an analgesic.





MOCHIDA PHARMACEUTICAL GROUP

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